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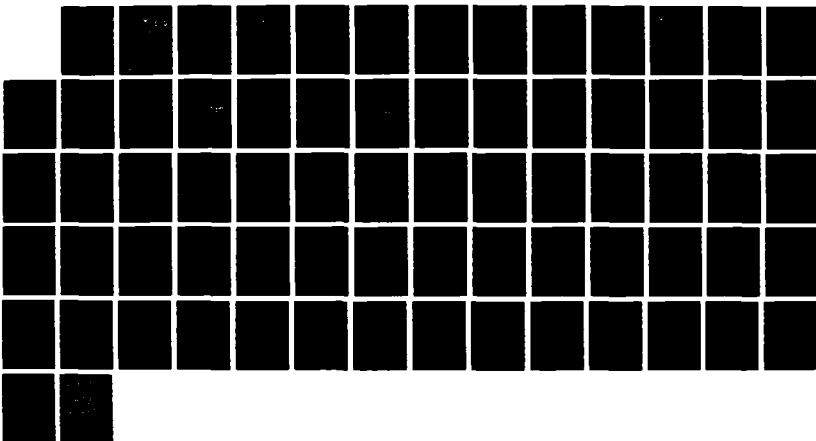
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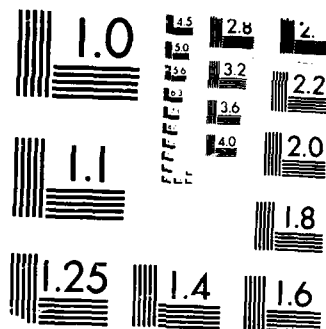
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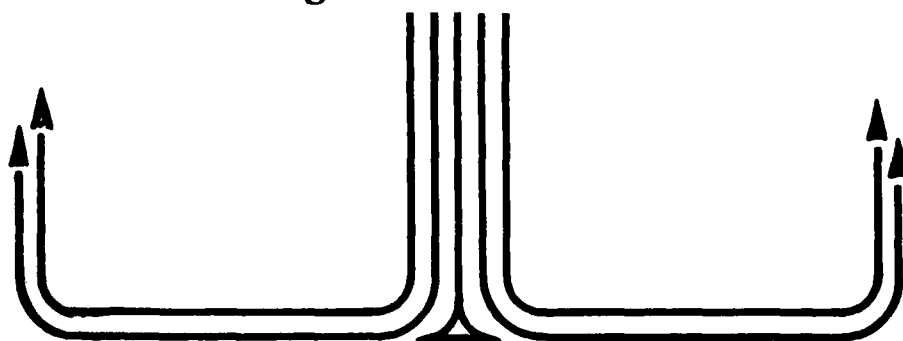
THE PERSIAN GULF BALANCE OF POWER
AND

UNITED STATES FOREIGN POLICY RESPONSE

MAJOR CRAIG R. ALLEN

88-0085

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TITLE THE PERSIAN GULF BALANCE OF POWER
AND UNITED STATES FOREIGN POLICY RESPONSE

AUTHOR(S) MAJOR CRAIG R. ALLEN, USAF

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Submitted to the faculty in partial fulfillment of
requirements for graduation.

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<p>➤ The Persian Gulf Region is examined to identify the balance of power, factors affecting its stability, and US foreign policy initiatives in the area. Two key factors which cause change in regional stability are the Iran-Iraq War and the area's oil resources. The US interests in the Persian Gulf are to ensure the West's access to the region's oil, limit and reduce Soviet influence in the area, and promote stability in the region. US foreign policy is outlined and analyzed, with recommendations provided to enhance its effectiveness in the region. ←</p>					
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PREFACE

The Persian Gulf is an area of much turmoil and strife in recent history. Because of its strategic geographical location and vast oil resources, the Gulf region is of both immediate and long-term interest to the United States and its allies. This paper describes the region and the United States foreign policy toward the Gulf. It also attempts to explain what factors have and will continue to change the Gulf's stability and how those factors affect United States foreign policy. Finally, this paper looks at the events of 1987 and the prospects for future stability in the Gulf.

Two facts must be noted at the beginning of this project for the sponsor and other users of this project. First, the Air University Library resources concerning the Persian Gulf were both excellent and vast. The scope of this project unfortunately precluded an exhaustive search for material. The resources used were selected to provide timely information which was pertinent and authoritative as well. Second, the research for the project ended on 31 December 1987. The analysis and conclusions resulting from the research will not, therefore, include events occurring after that date. The reader must take this into account since the Persian Gulf is a region which can and has changed rapidly and without notice.

This project was sponsored by the Air University National Security Affairs Briefing Team which provides information on current United States Air Force issues to the American public. The information and analysis resulting from this project will be used by briefing team members as background material on current United States foreign policy issues. The author is grateful to Colonel Calvin R. Johnson, National Security Affairs Briefing Team Chief, for his helpful guidance and suggestions on the research project.

The author also thanks Lieutenant Colonel Thomas M. Henneman for the advice, patience, and guidance provided as the advisor to this project. His painstaking and thorough reviews of this project at several stages, from first draft to final form, have added much to its clarity and comprehensiveness. Special thanks go to Jane Gibish, Air University Library, for her invaluable suggestions and help in locating source materials. The author wishes to acknowledge the help of his wife, Liset Allen. Without her typing skill and her understanding for the author's many weekends and nights away from the family, this project could not have been completed.



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ABOUT THE AUTHOR

Major Craig R. Allen graduated from the University of Nebraska at Omaha in 1975 with a Bachelor of Arts degree in political science. He was commissioned as a second lieutenant, and entered Undergraduate Navigator Training the same year. Major Allen remained at Mather AFB CA after completion of training as a KC-135 navigator in the 904th Air Refueling Squadron. Following upgrade to instructor navigator in 1979, he was assigned to the 38th Strategic Reconnaissance Squadron (SRS), Offutt AFB NE as an RC-135 navigator. While at the 38th SRS, he flew 119 operational reconnaissance missions from the forward operating locations of Kadena AB Japan, Eielson AFB AK, RAF Mildenhall United Kingdom, and Hellenikon AB Greece. Major Allen served as a standardization/evaluation instructor navigator during this assignment. In 1983, he was reassigned to Headquarters, United States Air Forces Europe (USAFE), Deputy Chief of Staff for Intelligence as Chief, TR-1 Reconnaissance Branch. Major Allen managed the development, deployment, and operational planning for the TR-1 Tactical Reconnaissance System in support of United States and North Atlantic Treaty Organization forces. As the USAFE program element monitor for the TR-1, he was also responsible for budgetary planning for the system and the development and coordination of several successful funding initiatives within the program objective memorandum. Major Allen received his Masters of Science degree in international relations in 1985 from Troy State University. He is a distinguished graduate of the Reserve Officers' Training Corps, and completed Squadron Officer School and Air Command and Staff College by correspondence. Major Allen has over 2,800 flying hours in heavy jet aircraft.

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EXECUTIVE SUMMARY



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REPORT NUMBER 88-0085

AUTHOR(S) MAJOR CRAIG R. ALLEN, USAF

TITLE THE PERSIAN GULF BALANCE OF POWER AND
UNITED STATES FOREIGN POLICY RESPONSE

I. Purpose: To describe the Persian Gulf regional balance of power and analyze foreign policies the United States has formulated for and implemented in this critical region.

III. Problem: The Persian Gulf has become an increasingly important area of the world. It has also been the focus of much turmoil and strife in the past ten years. What are the force functions or factors affecting the region's stability? What are the United States foreign policy objectives and efforts in the region?

III. Data: The Persian Gulf is located in the Middle East and contains eight nations: Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE), Oman, Iran, and Iraq. The three major powers of the region are Saudi Arabia, Iran, and Iraq. One of the most significant relationships with a nation outside the region is the special one which exists between Saudi Arabia and the United States. Within the region, the most important relationship is that of the Gulf Cooperation Council (GCC), made up of Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE, and Oman. Two major force functions which have changed the Gulf's stability are the Iran-Iraq War and the area's vast oil resources. These two functions will continue to affect

CONTINUED

the Persian Gulf's balance of power in the future. As such, the war and the region's oil reserves are specific concerns of today's United States foreign policy. The United States has three major objectives in the Persian Gulf. These are: to prevent the Soviet Union (or Iran) from gaining direct control or increased influence over the area, to ensure the West's continued access to the region's oil supply, and to promote the regional stability and security of the moderate Arab Gulf States. Under the Carter Doctrine, the United States became more active militarily and diplomatically in pursuing these objectives after the Soviet invasion of Afghanistan in 1979.

IV. Conclusions: The Persian Gulf is complex, dynamic, and now the scene of a major regional war. American policymakers are confronted with a basic dilemma--activist policies could be counterproductive while low key policies might be ineffective in achieving the policy objectives. However, the United States has succeeded in maintaining the flow of oil and denying further Soviet expansion into the gulf. The policy of reflagging the 11 Kuwaiti oil tankers has been particularly effective in demonstrating United States resolve and its commitment to the region's stability. On the other hand, the United States has failed to bring the Iran-Iraq War to an end. The region's outlook for improved stability is dependent on not only on the war's end, but how it ends as well. If Iran achieves an overwhelming victory, the region would likely become less stable.

V. Recommendations: The United States should continue following its objectives of curtailing Soviet influence in the region, ensuring access to oil, and maintaining the region's stability. Nevertheless, there are three initiatives or changes in emphasis which United States policy should follow. First, establish a closer relationship between the United States and the GCC for the purpose of building a more robust defensive system. Second, improve relations with the GCC nations by renewing United States efforts to solve the Palestinian question. Third, adopt a more forward looking approach in formulating policy, based on regional problems and realities.

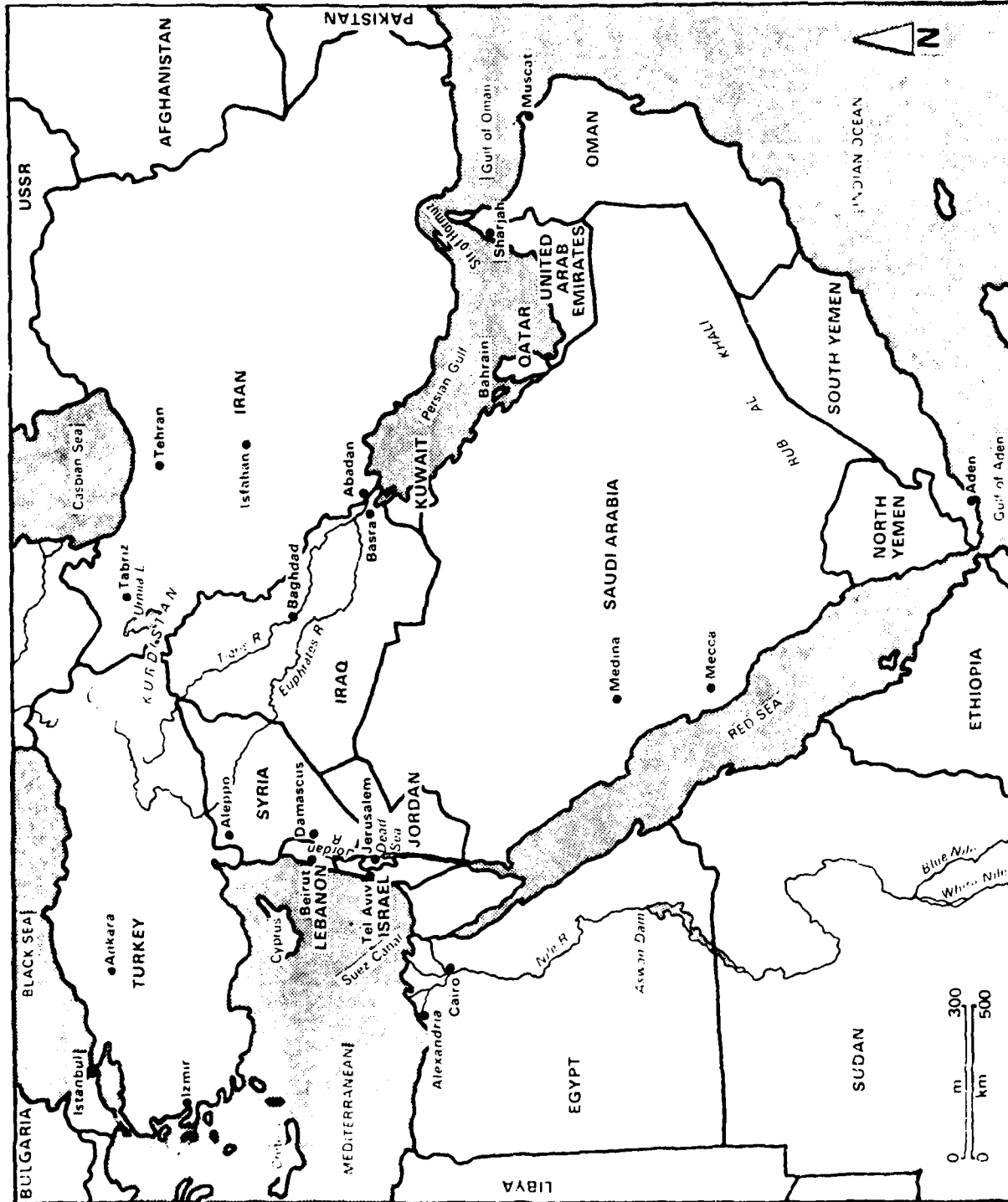
Introduction

At the close of 1987, the United States had assembled in and around the Persian Gulf the largest concentration of naval forces since the Vietnam War: 29 warships, 14 support ships, 6 minesweepers, and approximately 24,000 men. (26:34) According to the Department of Defense, this force cost (above normal operating costs) \$70 million since the escort of Kuwaiti tankers by the United States Navy began in July 1987 until the end of September. The estimated added cost for fiscal year (FY) 1988 is between \$15 and \$20 million per month. (33:7) Certainly, this represents a significant commitment on the part of the United States to the Persian Gulf region. But why is the region that important? Why is the United States involved?

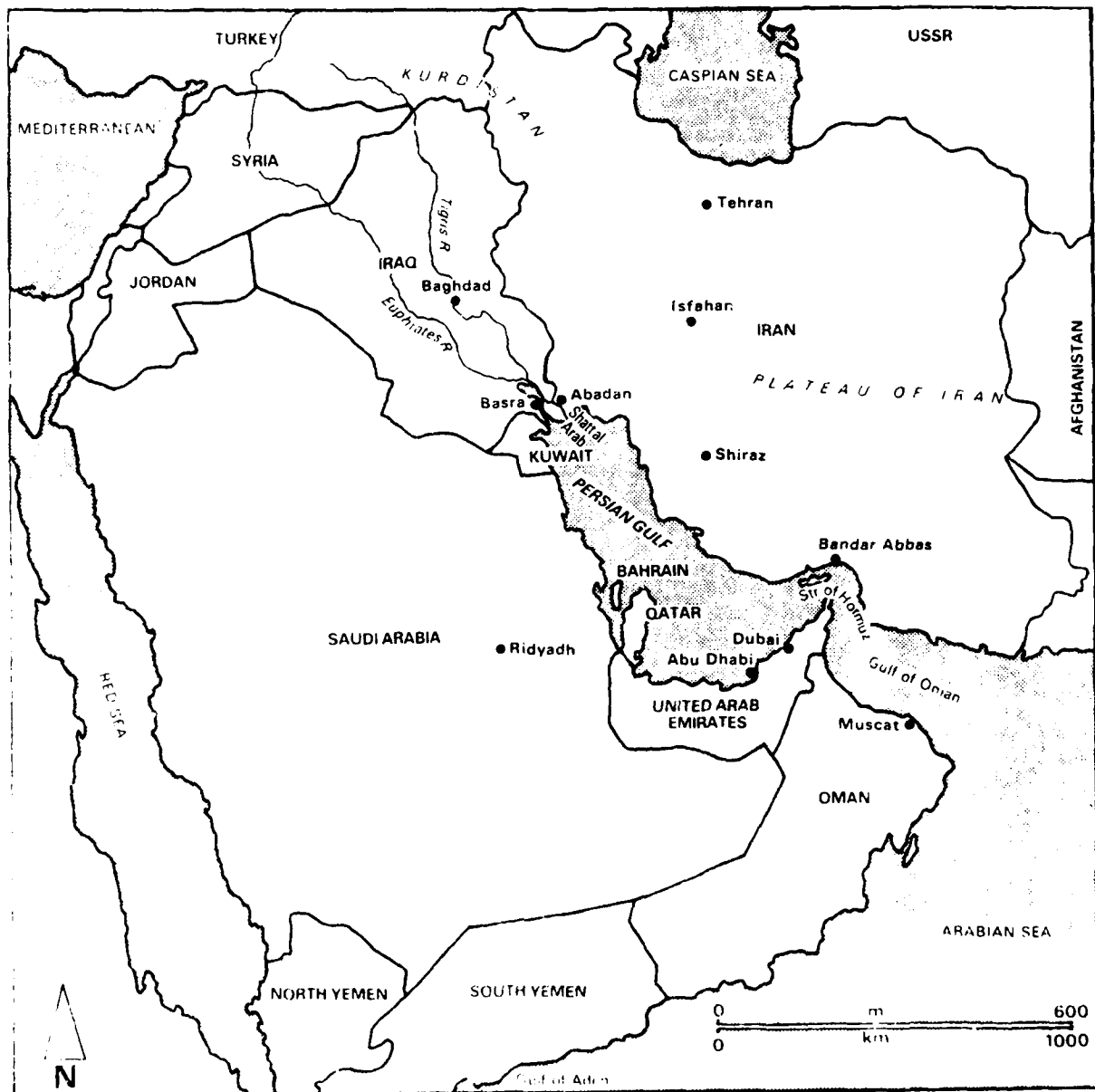
The purpose of this research project is to describe the Persian Gulf regional balance of power and the foreign policies the United States has formulated for and implemented in this critical region. The specific objectives are to discover force functions or factors affecting regional stability in the Persian Gulf area, assess the success of United States foreign policy, and look at the prospects for future stability in the region. Along the way, the importance of the Persian Gulf to the United States should become evident.

The first chapter will begin by describing the Persian Gulf region and the nation-states that surround it. This will set the stage for the subsequent chapters dealing with the regional balance of power, major force functions affecting regional stability, United States foreign policy in the Persian Gulf, a chronology of events for 1987, and an analysis of United States foreign policy in the region.

MIDDLE EAST



PERSIAN GULF AREA



Chapter One

PERSIAN GULF REGIONAL DESCRIPTION

The Persian Gulf is located on the other side of the globe from the United States in what is alternately described as the Middle East, the Near East, or Southwest Asia. Whatever nomenclature is used, the region is an important one for the United States as a nation and as a world power. The Persian Gulf is part of a region which sits astride three continents--Europe, Asia, and Africa. This fact gives it both geographical and strategic importance as well as a complex and diverse cultural, ethnic, and religious makeup.

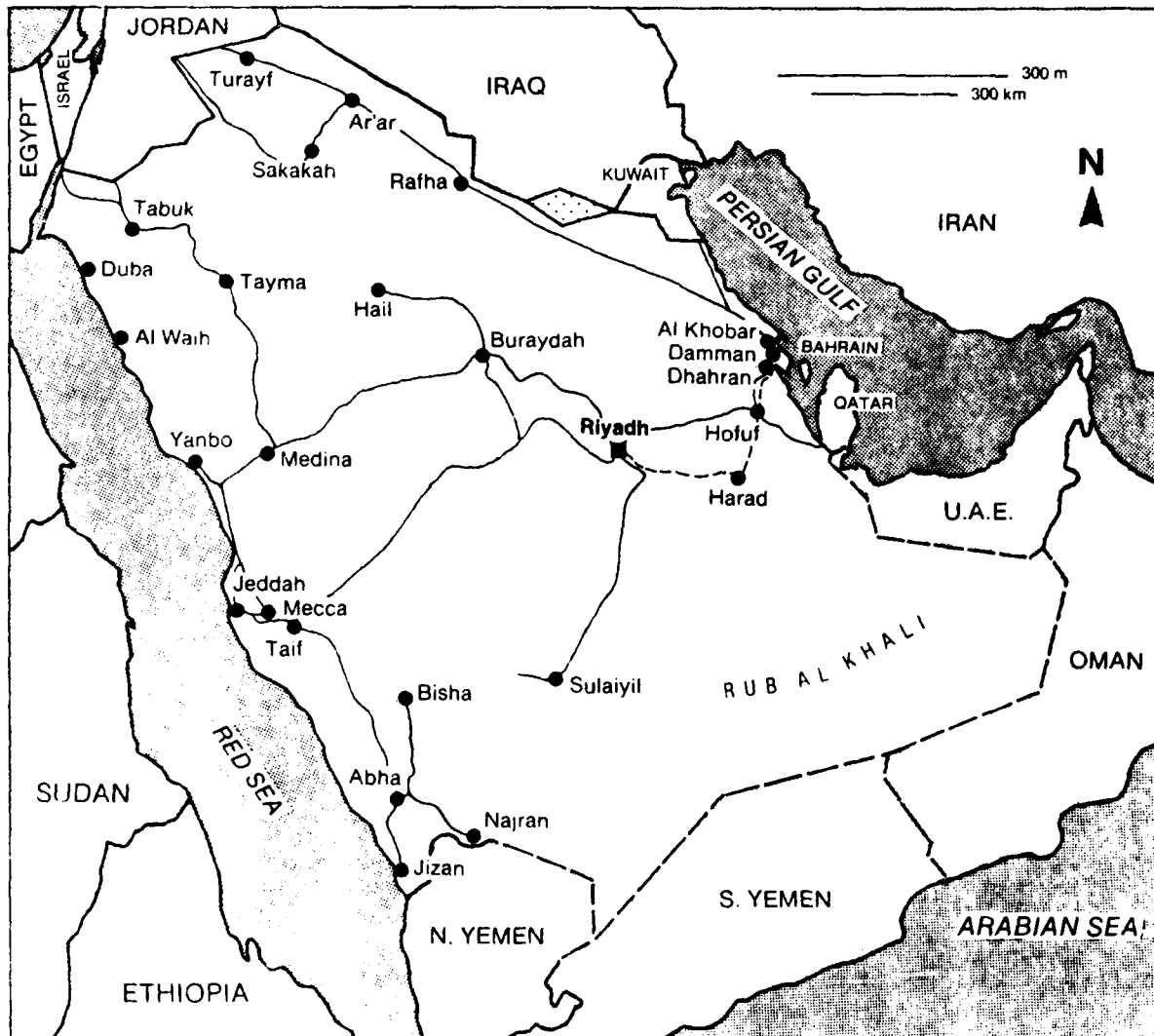
The Persian Gulf waterway lies between Iran and the Arabian Peninsula and connects the nations bordering it to the Gulf of Oman and beyond that, the Arabian Sea and Indian Ocean. The Gulf is approximately 490 nautical miles (nm) long on a northwest-southeast axis, and 190 nm from north to south at its widest point. It contains about 90,000 square miles of water. At its northwestern corner, the great rivers of the Tigris and Euphrates come together, form the Shatt al Arab waterway, and empty into the Gulf. At its eastern extremity, the Strait of Hormuz constricts the Gulf as it merges into the Gulf of Oman. The Strait is only 21 nm wide at its "narrowest point and on a clear day one can see across the normally calm, flat area of sea between Oman [to the south] and the Iranian coast [to the north]." (17:531) This is significant since the Strait of Hormuz "is one of the most heavily used waterways in the world" (34:9)

There are eight nations comprising the Persian Gulf Region: Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE), Oman, Iran, and Iraq. Ethnically, all are Arab except Iran, which is Persian. While all are predominantly Islamic, there are sharp divisions in how their religious beliefs are practiced. Many of these countries share common problems such as the lack of skilled and unskilled labor, inadequate agricultural production, and an overdependence on the oil sector of their economies as well as outside imports of food, machinery, and consumer goods. The remainder of the chapter will briefly describe each nation, including its relative location, population, type of government, economy, and size and type of military forces.

SAUDI ARABIA

Saudi Arabia is the largest nation in the region in geographic terms, comprising about ninety percent of the Arabian Peninsula. (8:105) It contains about 850,000 square miles of mostly desert land. There are no rivers or permanent bodies of water within its borders. (35:xvi) Its western coastline stretches along the Red

SAUDI ARABIA



Source: Embassy, Riyadh, Arabia

□ Iraq-Saudi Neutral Zone

Sea, while its eastern coastline runs along the Persian Gulf. To the north, Saudi Arabia borders Kuwait, Iraq, and Jordan. To the south and southeast, it borders the Yemens, Oman, Qatar, and the UAE. Its population is estimated to be 10,800,000. (2:111) About two million of these are foreigners, mostly other Arab nationalities. (8:107)

The Saudi Arabian form of government is that of absolute monarchy. The king, presently Fahd ibn Abdul Aziz, is the highest authority. As prime minister, he heads the 25 member Council of Ministers. The Council of Ministers directs 50 or 60 independent agencies, such as commerce, defense, foreign affairs and finance, and oversees the judiciary and local governments. There are no political parties or labor unions allowed. While there is no constitution, the king rules according to Islamic law and through a process of consultation and consensus with the large royal family. (35:xix) The members of the royal family also hold all the key posts within the government ministries. (8:120)

Saudi Arabia's economy, as well as those of most other nations in the region, is dominated by the presence of oil. Saudi Arabia holds the world's largest oil reserve--about 26 percent of the world total. (35:xvii) This amounts to 167 billion barrels of crude oil. Production averaged 4.9 million barrels per day (bpd) in 1986, leaving over 90 years of oil still available at this level of production. (20.82) More discoveries can be expected and enhanced recovery techniques not available now could triple these reserves. (35:143-145) In 1982, Saudi Arabia was also the world's largest exporter and the third largest producer of crude oil. (35:xvii) The oil industry comprised 64 percent of the Saudi gross domestic product (GDP) in 1982. By comparison, industry made up two percent, construction 11 percent, trade five percent, transportation four percent, and agriculture only one percent. These non-oil sectors reflect relative growth and an effort to diversify and lessen Saudi dependence on oil. (35:xvii, 137, 139-141) The GDP has shown real reductions in recent years, however: \$126.8 billion in 1983, \$105.4 billion in 1984, and \$93.7 billion in 1985. (35:xvi; 9:106) In 1986, the GDP was down to \$82.4 billion. (10:110) This has meant a significant loss of government revenues and has resulted in cutbacks in the economic development programs.

The Saudi Arabian armed forces include 73,500 personnel--45,000 in the army, 3,500 in the navy, 15,000 in the air force, and another 10,000 in the national guard. Saudi military equipment is extremely modern, including M-60A1 tanks, F-15C and F-5E fighter aircraft, E-3A Airborne Warning and Control System (AWACS) and Improved Hawk, Stinger, and Redeye surface-to-air missiles. The army is organized into two armored brigades, four mechanized brigades, one Infantry and one airborne brigade. The army also has a significant defensive counter air capability with 18 anti-aircraft batteries and 33 surface-to-air missile batteries. The air force has 226 combat aircraft with three ground attack squadrons, four interceptor squadrons, three transport squadrons, one early warning squadron, and one reconnaissance squadron. (10:110-111)

KUWAIT

Kuwait is a desert country which lies in the northwestern corner of the Gulf. To the north and east lies Iraq and to the south, Saudi Arabia. Although Kuwait shares no common border with Iran, they are only separated by 12 miles of water and a narrow Iraqi peninsula. Kuwait contains about 1,750,000 people, of whom more than half are not Kuwaiti citizens. (2:84)

Members of the Al Sabah family are the dominant force in Kuwait's politics. Sheikh Jaber Ahmed Al Sabah is the current ruler. However, the system of government is based on a constitution which calls for the separation of executive, legislative, and judicial branches. The 50 member National Assembly is the only popularly elected legislative body in the Gulf region. (36:77,79) While the rule of government remains hereditary with most cabinet posts held by the Al Sabah family, Kuwait is "the most liberal and democratic government on the Arabian Peninsula." (36:120)

Even before the discovery of oil, Kuwait was relatively wealthy because of the trade and shipping attracted by its large, sheltered harbor. It has the best "natural harbor on the Persian Gulf--or anywhere on the 4000-mile coastline of the Arabian Peninsula." (6:34) Today, "... the economy of Kuwait is almost entirely dependent on the exploitation of vast onshore and offshore oil deposits" (8:186)

Kuwait's oil reserves are now put at 92 billion barrels, just more than half of Saudi Arabia's. In 1986, production averaged 1.34 million bpd, giving Kuwait almost 70 more years of oil revenue at this production level. (20:85) The oil industry provided 63 percent of the GDP in 1981 and 97 percent of government revenues in 1982. The 1981/1982 GDP was \$24.3 billion. (36:76) The GDP has fallen in recent years--in 1984/1985 it was \$21.5 billion, in 1985/1986 it was \$20.1 billion and it was \$17.6 billion in 1986/1987. (9:100; 10:103) Agriculture is almost non-existent in Kuwait with most food imported.

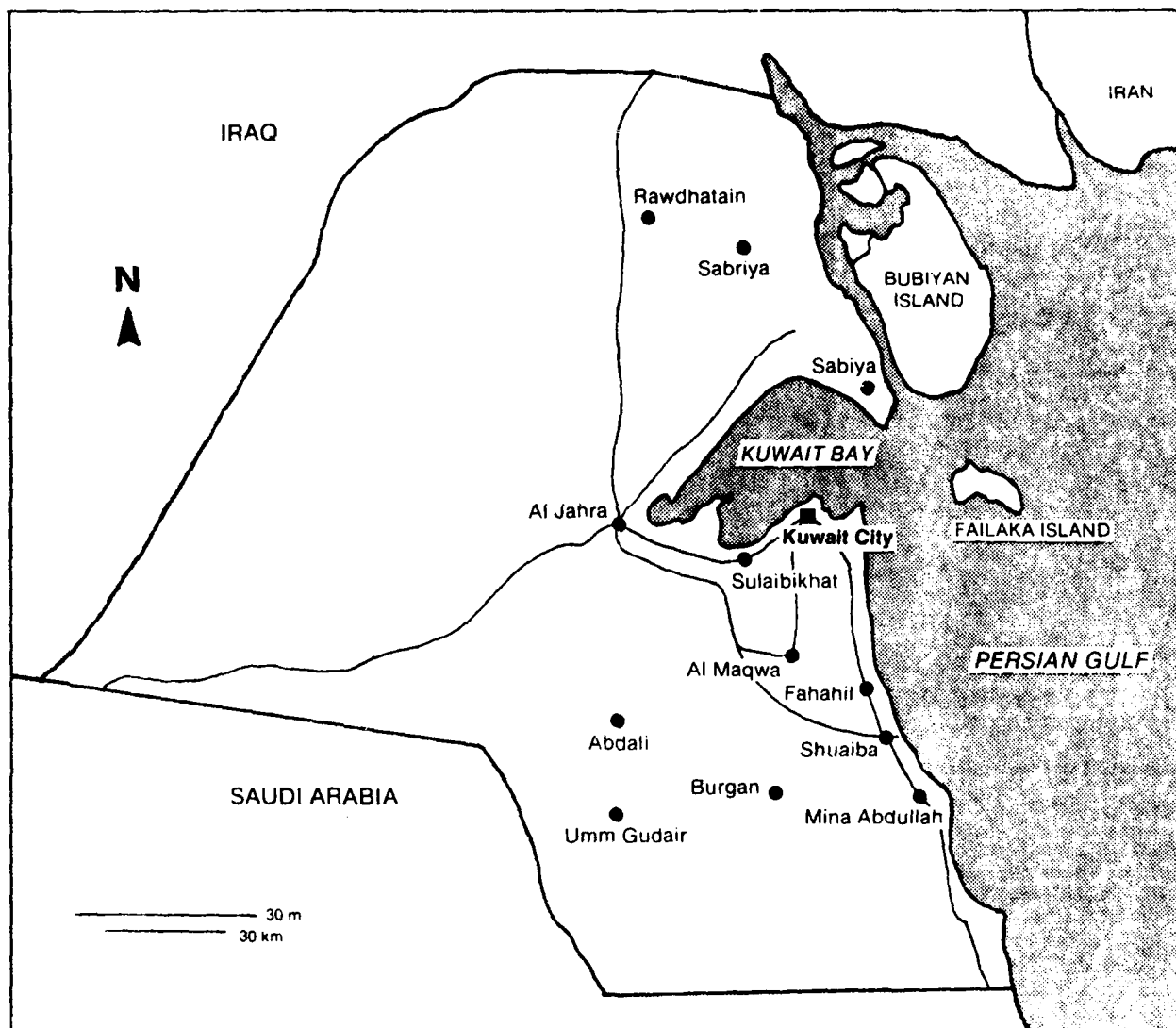
The Kuwaiti armed forces contain 15,000 personnel--13,000 in the army, and 2,000 in the air force. Another 1,100 personnel are in Kuwait's navy, which is administered by the Ministry of the Interior. The army is organized into two armored brigades, one mechanized brigade, and one surface-to-surface missile brigade. The air force has 80 combat aircraft, mostly A-4KU Skyhawks and Mirage F-1CKs, which are organized into two ground attack squadrons and one interceptor squadron. The equipment is relatively modern and a mix of British, French, American, and Soviet. (9:103-104)

BAHRAIN

Bahrain is a nation made up of about 35 islands lying in the Persian Gulf just off the Saudi Arabian and Qatar coasts. Its area is only 231 square miles, making it the smallest of the Persian Gulf nations. Its population is estimated at 340,000.

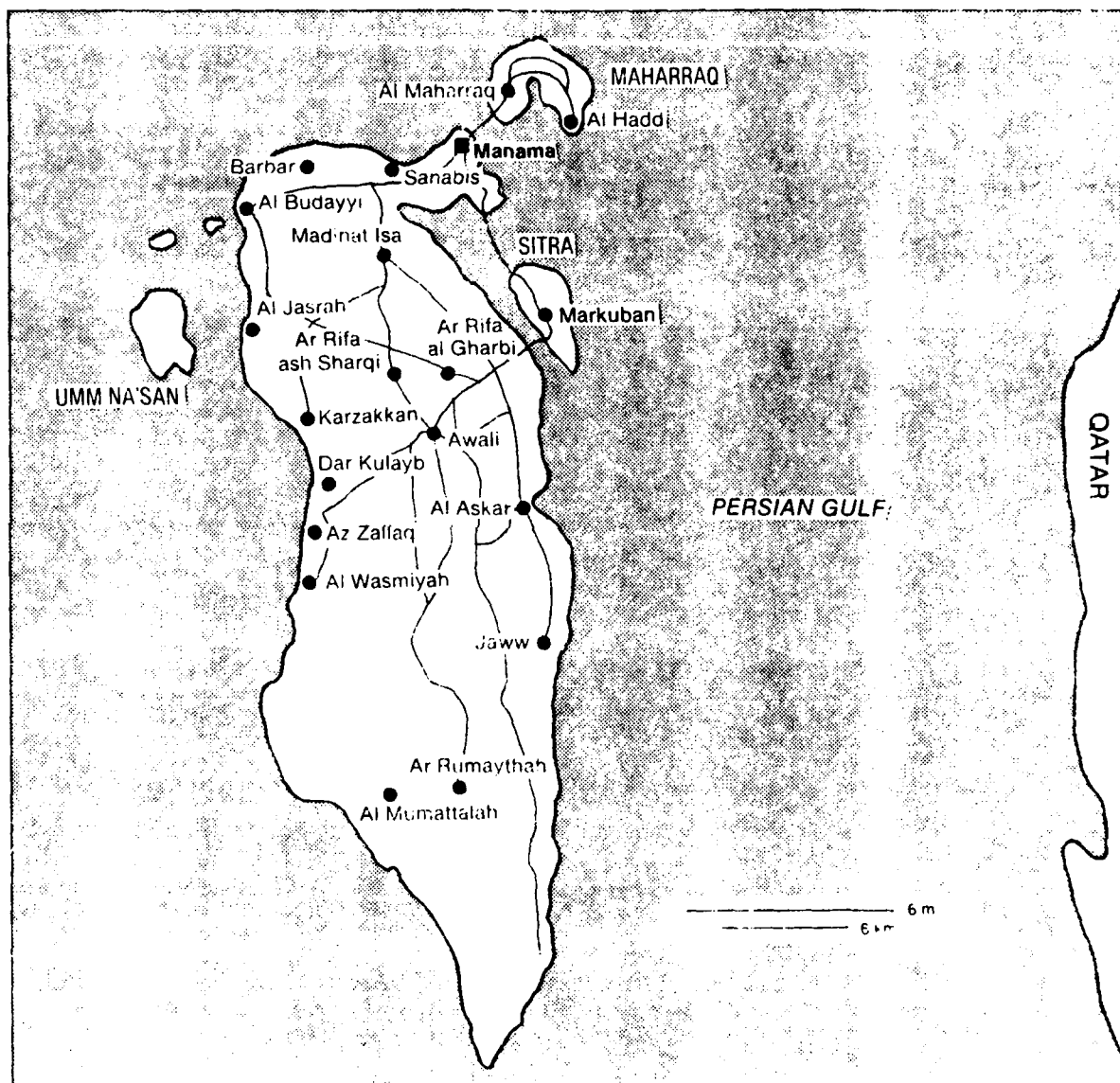
The government of Bahrain is dominated by the Al Khalifa family. Sheikh Isa bin

KUWAIT



Source: Embassy of Kuwait

BAHRAIN



Source: U.S. Navy

Sulman Al Khalifa is the present ruler. While there is a written constitution, there are no political parties (36:146) and the country's parliament was dissolved in 1975. (2:21)

Bahrain was one of the first Gulf nations to discover oil and has been exporting oil the longest. (8:194) It is today, however, the smallest of the crude oil producers in the region, averaging only 42,900 bpd in 1986. Crude oil reserves were 165 million barrels at the end of 1986. (20:89) With no new discoveries, the export of oil will end in about 1995. (2:21) The oil sector provides only about 25 percent of the GDP. (36:174) Concerted efforts have been made to diversify the economy. Banking and similar services had grown to 26 percent of the GDP in 1983. (36:146) Other growing industry includes trade, natural gas, aluminum smelting, plastics, fish processing, and oil refining. (8:194) The GDP in 1982 was \$4.0 billion, (36:146) in 1984 \$5.0 billion, in 1985 \$4.7 billion and in 1986 it was \$4.0 billion. (9:93; 10:95)

The Bahrain military is also the smallest of the region with only 2,800 members. The army contains 2,300 of the total and is organized into one infantry battalion, one armored car squadron, and one artillery and two mortar batteries. The navy has 300 personnel, while the air force contains 200 personnel. The air force has six Northrop F-5E combat aircraft, with four more on order. (9:95-96)

QATAR

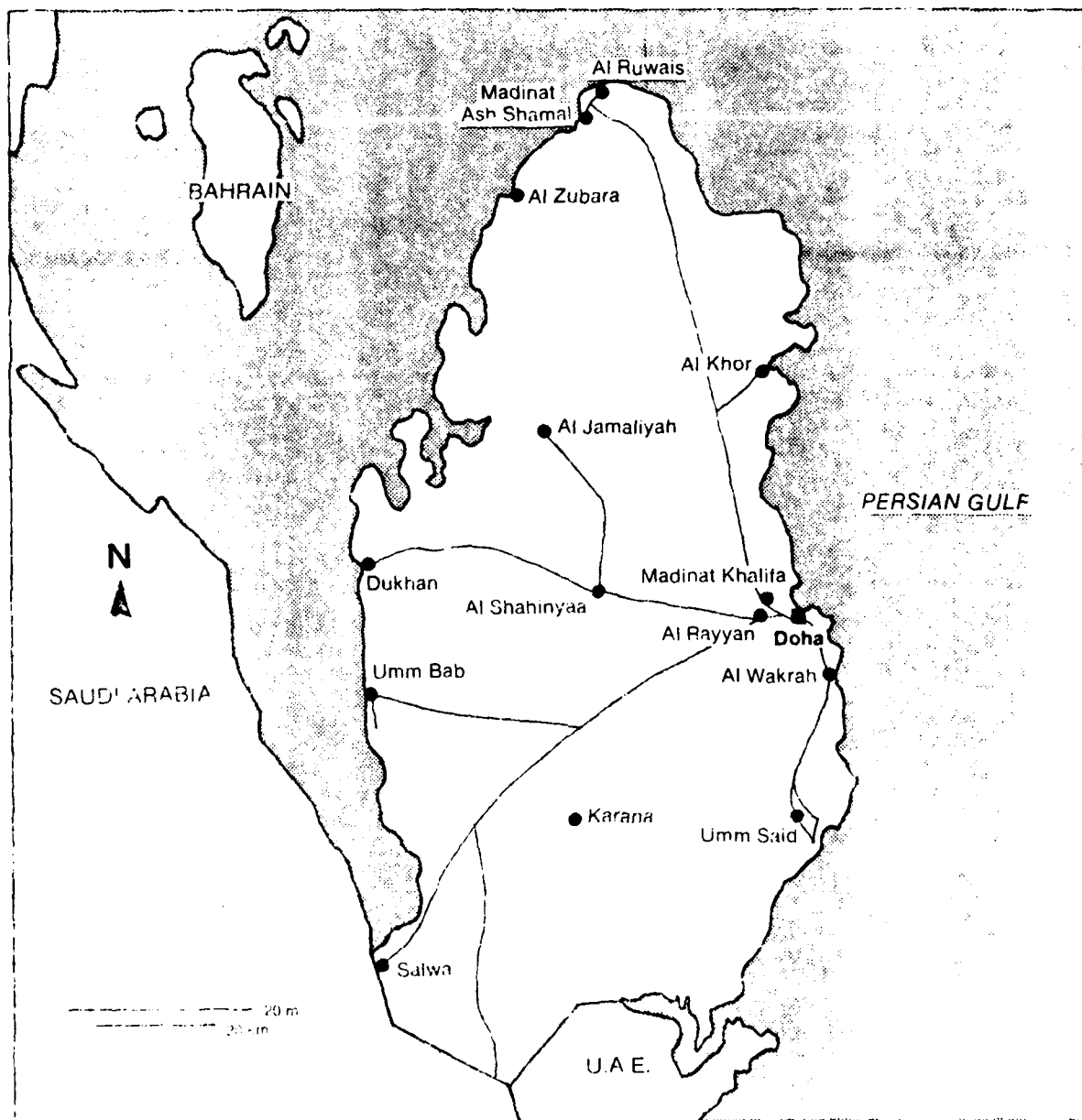
Qatar is made up of the peninsula of the same name which lies midway along the southwestern coast of the Persian Gulf. It has an area of about 4,200 square miles and its population is approximately 280,000. Only about one-fourth of these people are native Qataris. (2:108) Its only land frontiers are with Saudi Arabia and the United Arab Emirates, to the south.

The Al Thani family rules Qatar, with Sheikh Khalifah bin Hamad Al Thani as the head of state. There are no political parties allowed. But there is a basic law which includes "a bill of rights and provided for both a Council of Ministers and an Advisory Council . . .", which are all appointed by the ruling sheikh. (2:108-109) The Al Thani family originally came from the desert of central Arabia and the ties to Saudi Arabia remain strong. (36:194)

Once again, we find an economy heavily influenced by oil with ambitious programs to industrialize and diversify.

Oil revenues made up the bulk of government receipts, and government spending was the primary means of injecting oil earnings into the local economy Following the lead of the oil-rich Gulf States, Qatar's budget funded health, education, housing and a number of other social welfare programs designed to improve living conditions and increase the number of Qataris trained to play technical and managerial roles in oil and other industries. There was as well extensive spending to establish the country's infrastructure and to diversify the economy against the time when Qatar's oil reserves are depleted. (36:219-220)

QATAR



In 1986, Qatar had reserves of 3.4 billion barrels of oil and averaged a daily production of 239,000 bpd. (20:88) This leaves just under 40 years of oil remaining at this production rate. Qatar has taken the lead in utilizing its natural gas supplies, flaring off less than 5 percent of their onshore gas in 1979. They have built two plants to produce liquified natural gas and also use natural gas in their fertilizer and petrochemical products industries. (36:208) Qatar's GDP in 1981 was \$6.0 billion, (36:194) in 1984, \$3.4 billion, in 1985, \$5.4 billion and in 1986 it was \$4.6 billion. (9:106; 10:110) Agriculture represents less than 1 percent of the GDP. (36:194)

The armed forces of Qatar number 7,000--6,000 in the army, 700 in the navy, and 300 in the air force. The army is organized into one Royal Guard regiment, one tank battalion, five infantry battalions, one artillery battery, and one surface-to-air missile battery. The air force has 23 combat aircraft, including 14 Mirage F-1s. (10:110)

UNITED ARAB EMIRATES (UAE)

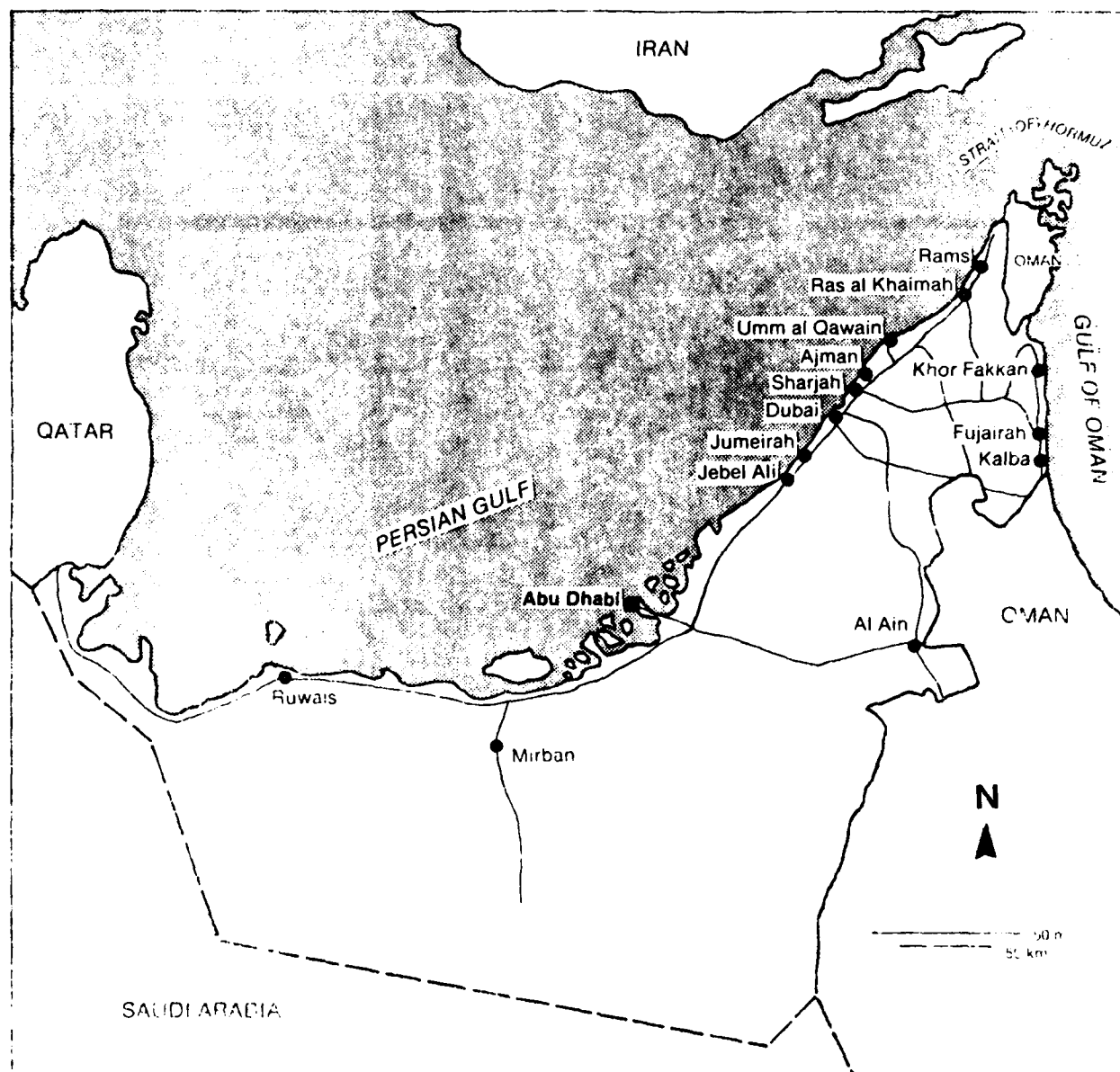
The UAE is located on the northeastern portion of the Arabian Peninsula. Its neighbors include Oman to the northeast and southeast, Saudi Arabia to the south and west, and Qatar to the north. The UAE has coastlines on both the Persian Gulf and the Gulf of Oman. It covers 32,000 square miles. The UAE's population is estimated at 1.3 million, with foreigners making up 70-80 percent of the people. (36:241-242)

The UAE is made up of a federation of seven emirates, each with a preeminent ruling family. The head of state is chosen by the rulers of the seven emirates. The current president is Sheikh Zayid bin Sultan, also the ruler of Abu Dhabi, the largest and richest of the UAE states. (36:283) The UAE has a provisional constitution which nominally separates the powers between executive, legislative, and judicial branches. A Council of Ministers provides day-to-day management of federal affairs. The Federal National Council is a legislative body whose function is limited to consultation. Its 40 members are appointed by the ruler of each emirate. (36:283-284)

The oil and gas industries accounted for 48 percent of the UAE's GDP in 1983. (36:242-243) The GDP in 1983 was \$27.5 billion and estimated to be \$25.7 billion in 1984. (9:110) In 1985 the GDP was \$25.6 billion and dropped further in 1986 to \$22.2 billion. (10:115) The UAE's oil reserves are mostly in Abu Dhabi and Dubai. In 1986, Abu Dhabi had reserves of 34.6 billion barrels with an average production of 1.0 million bpd while Dubai had only 1.3 billion barrels with an average production of 399,400 bpd. (20:87) Therefore, at these production rates, Abu Dhabi has just under 100 years of oil remaining while Dubai has less than 10. Perhaps the most striking feature of the UAE's economy is its shortage of labor. Approximately 90 percent of its labor force is foreign, mostly Indian and Pakistani. (36:255) This carries over to the armed forces as well.

The armed forces of the UAE include 43,000 personnel, with perhaps 30 percent being of foreign origin. The army makes up the bulk, with 40,000 personnel being

UNITED ARAB EMIRATES



Map courtesy of the United Arab Emirates

divided into Western, Central, and Northern commands. The army is organized into one Royal Guard brigade, one armored brigade, one mechanized infantry brigade, two infantry brigades, one artillery brigade, and one air defense brigade. Their equipment includes 136 tanks and 88 artillery pieces. The navy and air force each have 1,500 personnel. The air force contains 65 combat aircraft and is organized into two interceptor squadrons and one ground attack squadron. (10:115)

OMAN

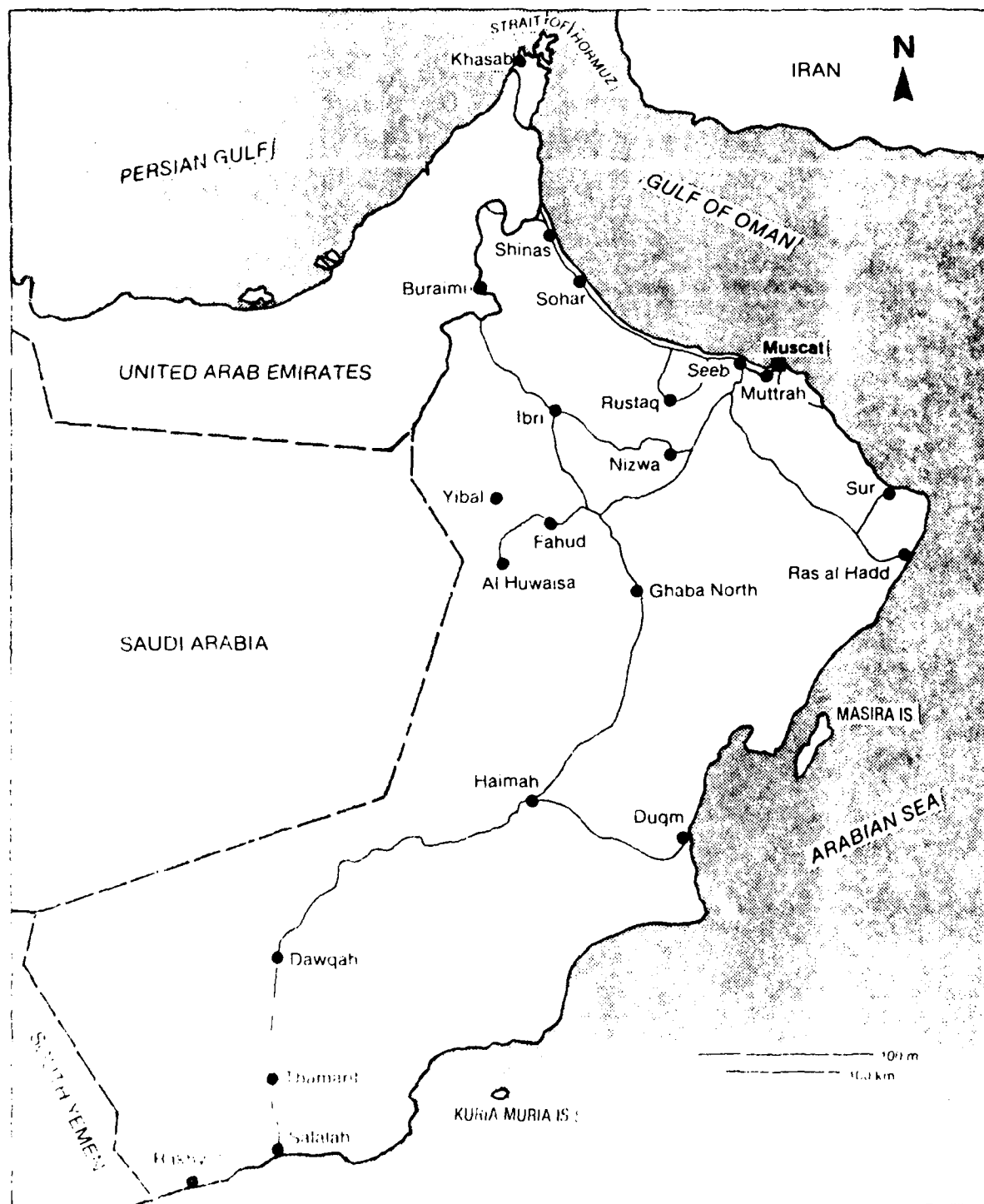
Oman occupies the northeast corner of the Arabian Peninsula and faces the Gulf of Oman to the north and the Arabian Sea to the southeast. The tip of the Musandam Peninsula, which protrudes into the Strait of Hormuz, belongs to Oman, and is separated from the major portion of the country by a corridor of land belonging to the UAE. Oman has about 82,000 square miles and a population estimated to be 1.3 million. Foreigners are estimated to comprise anywhere from 25-48 percent of this latter amount. (36:309-310) It is bordered by the UAE to the north, Saudi Arabia to the west, and the People's Democratic Republic of Yemen to the southwest.

The form of government in Oman is absolute monarchy, based on the Al Bu Said family. Sultan Qaboos bin Said is the country's present ruler and heads a Council of Ministers. While there is no constitution and political parties are not allowed, a State Consultive Council (SCC) was created in 1981 to allow the citizens to comment on the decision-making process. The SCC is strictly an advisory body that has no legislative power. Its members are appointed by the Sultan. (36:310, 345-346)

Until recently, the economy of Oman was based on "pastoral nomadism, agriculture, and traditional trading in the Gulf and Indian Ocean." (8:206) Commercial production and the export of oil began in 1967, which was relatively late in comparison to other Gulf nations. (36:320-321) In 1982, the oil industry accounted for 57 percent of the country's \$7.17 billion GDP. (36:310) The GDP in 1984 was \$8.8 billion and in 1985 it was \$10.35 billion, making Oman one of the only nations reflecting real growth for those years. But the GDP for 1986 fell dramatically to \$6.1 billion. (9:105; 10:109) In 1986, oil production in Oman averaged 566,325 bpd with reserves of 4 billion barrels. (20:88) This gives their oil industry a life expectancy of less than 20 years. Agriculture is a strong part of the economy, unlike most other nations in the region. (2:101) However, Oman shares a severe labor shortage problem with Qatar and the UAE, and also depends on foreign managers and workers. (36:323)

Oman's armed forces include 21,500 personnel--16,500 in the army, 2,000 in the navy, and 3,000 in the air force. The army is organized into one armored regiment, three artillery regiments, one reconnaissance regiment, eight infantry battalions, one signal regiment, one field engineering regiment, and one paratroop regiment. Their equipment is very modern and includes 6 M-60A1 tanks, 33 Chieftain tanks, and 93 artillery pieces. The air force includes 53 combat aircraft organized into two ground attack squadrons, one reconnaissance squadron, and

OMAN



three transport squadrons. Oman has eight Panavia Tornado fighter aircraft on order. (10:109)

IRAN

Iran is located north of the Persian Gulf and is bounded by the Soviet Union and the Caspian Sea to the north, Afghanistan and Pakistan to the east, and Iraq and Turkey to the west. It contains 636,000 square miles with an estimated 49.9 million people. It is made up of a large central plateau desert with mountain ranges on three sides. It is the only non-Arab nation in the region. Over 80 percent of the population is Persian. (2:56; 10:98)

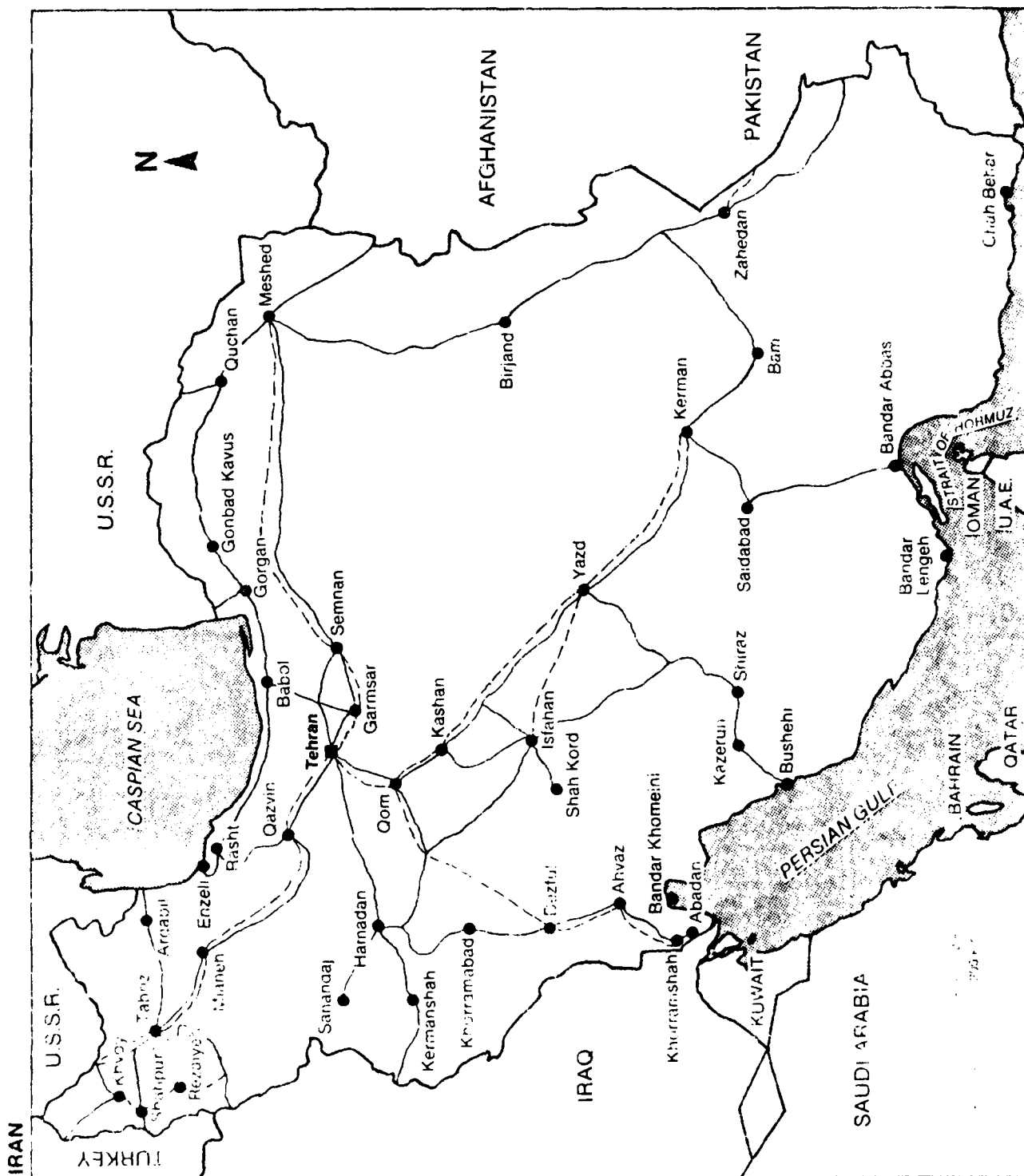
After the Shah, Mohammed Reza Pahlavi, left Iran in 1979, the Islamic Republic of Iran was formed in an atmosphere of fundamentalist religious revolution. The Ayatollah Ruhollah Khomeini was named supreme ruler for life under a new Islamic constitution. (2:59) The Islamic Republican Party, which then gained control, has "ruled by repression, torture and appeal to religion." (2:59) Internal political dynamics are difficult to discern because of the closed nature of the current regime.

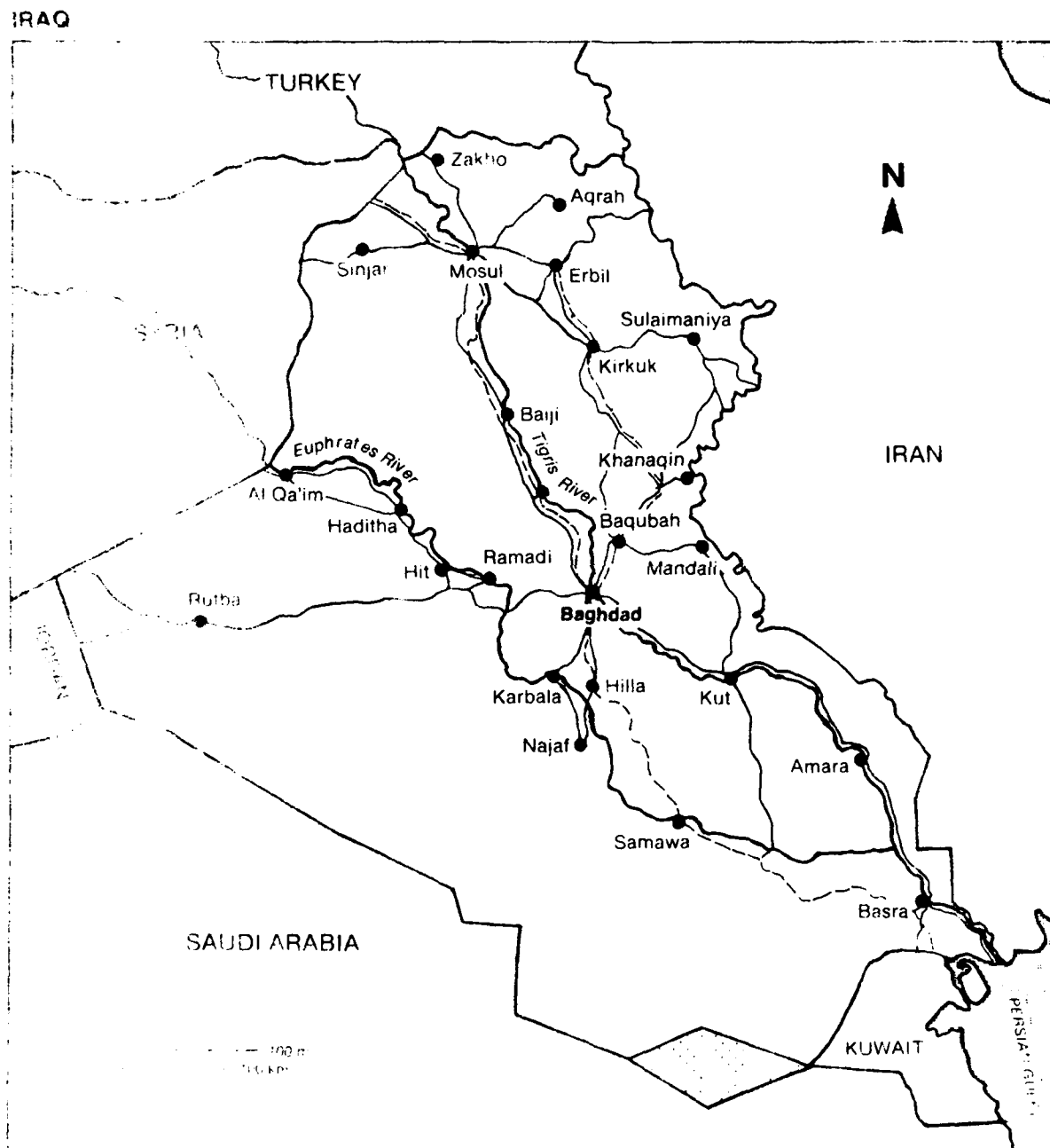
Iran's economy also depends on oil. Its GDP in 1983/1984 was \$157.6 billion, in 1984/1985 it was \$158.9 billion, while in 1985/1986 it was \$147.0 billion. Iran's oil reserves are 36.5 billion barrels, while 1986 production level held at 1.9 million bpd despite its war with Iraq. (20:85) Along with the oil sector, other industries, manufacturing, and its large agricultural sector make Iran's economy the largest in the region. Textiles and carpets stand next in importance to oil as export products. While agriculture is of prime importance, it suffers from organizational and transportation problems. (2:61)

Iran's armed forces are the second largest in the region, reflecting its war with Iraq. They total 654,500 personnel with 305,000 in the army, 300,000 in the Revolutionary Guard Corps, 14,500 in the navy, and 35,000 in the air force. These figures do not account for war losses and may not include its total forces. The army is organized into three mechanized divisions, seven infantry divisions, one airborne division, one special forces division, and 12 surface-to-air missile brigades with Hawk missiles. They have perhaps 1,000 tanks and about 750 artillery pieces. The Revolutionary Guard Corps is believed to have eight divisions and many independent brigades. The air force contains only about 60 flyable combat aircraft, including American F-5E/Fs and F-14s. (10:98-99)

IRAQ

Iraq occupies the region of ancient Mesopotamia and contains the famous Tigris and Euphrates Rivers. It comprises about 170,000 square miles with an estimated 15.9 million people. Its geography varies from desert in the southwest, alluvial plain in the center, and mountains in the north and east. (2:62; 10:100)





Iraq's political system is under the direct control of the Arab Socialist Baath (or Resurrection) Party. All political activities within the country take place within the progressive National Front--all other parties are banned. (37:xiv-xv) The president and prime minister of Iraq is Saddam Husain Takriti, who leads the only predominantly secular government in the region. The Provisional Constitution created in 1970 emphasized Arab unity and socialism. (37:181) The National Assembly called for in the constitution was not formed until 1980, however. (2:65)

The economy of Iraq also depends primarily on oil. In 1976, oil provided over 50 percent of its GDP, manufacturing 7 percent and agriculture 8 percent. The GDP at that time was \$15.5 billion. (37:147) In 1984, the GDP was estimated at \$27.0 billion. In 1985 and 1986, the GDP was \$21.9 and \$17.7 billion respectively. The inflation rate was 22 to 28 percent for those years. (9:97; 10:100) As a result of the war, Iraq is experiencing record trade deficits, since it must import weapons and food and can export only a portion of its potential oil production. (2:67) Its actual production of oil in 1986 was down to 1.725 million bpd. Its reserves amount to 40 billion barrels. (20:85,87)

Iraq's armed forces are the largest in the region--1,000,000 personnel. The army includes 955,000, the navy has 5,000, and the air force totals 40,000. The army is organized into 5 armored divisions, 3 mechanized divisions, 30 infantry divisions, and 6 special forces brigades. The army may include up to 480,000 reserves called to active duty. Its equipment includes about 4,500 tanks and 3,000 artillery pieces. The air force contains about 500 combat aircraft with two squadrons of bombers, 11 ground attack squadrons, and five interceptor squadrons. These aircraft include Mirage F-1 EQ, TU-22, TU-16, MIG-23, MIG-25 and MIG-19 types. The SU-25 is reported to be in the inventory as well. (10:100-101)

Now that we have briefly described each country in the Persian Gulf region, let us now turn to its regional balance of power. The next chapter will explain how each of these countries align themselves with other countries in the region and those outside it.

NOTE: The numbers of armed forces of Iran and Iraq must be used carefully. While the figures above reflect an Iraqi superiority, many weekly news magazines and newspaper articles state that Iran has more men in its military than Iraq. This confusion is the result of the war between the two countries. The differences might be partially explained by the lack of precise information on casualties on both sides. Also, Iran uses young boys in the conflict who lack the training of regular or reserve forces. They may not be counted in these estimates. In any case, the figures cited represent the most credible source in the author's opinion. They were checked against the previous year's edition of the cited reference as well as against a 1985 military balance in another source. The figures were consistent with the information provided above.

Chapter Two

REGIONAL BALANCE OF POWER

From the previous chapter, we can readily see that "Iran, Iraq, and Saudi Arabia are the regional 'superpowers' of the Gulf." (36:365) In the case of Iran and Iraq, this status comes from the size of their populations and respective armed forces, which dwarf those of the countries on the Arabian Peninsula. Saudi Arabia, on the other hand, is primarily an economic power rather than a military one. With its massive oil reserves and revenue from oil production and investments in the West, it is one of the richest nations per capita in the world. This is also true, to a lesser degree, of the rest of the smaller Gulf States.

In addition, "Iran, Iraq, and Saudi Arabia traditionally had vied with one another for a dominant position in the Gulf area." (36:238) Iran and Iraq have also disputed territorial boundaries in the region.

In the 1960's and 1970's the revolutionary, anti-monarchical regime in Baghdad had laid claim to parts of Kuwait, and the Shah of Iran had asserted Iranian rights to Bahrain and parts of other Gulf states. The fundamentalist and expansionist Shia religious leaders who seized power in Tehran in 1979 . . . did not repudiate the Shah's territorial claims (36:xv)

In this chapter, we will examine the balance of power in the Persian Gulf region. To do this we will look at what relationships have been formed with outside national powers and within the region itself. While the Iran-Iraq war, which began in 1980, is a key factor in these alignments, it will be discussed mainly in the next chapter.

RELATIONSHIPS WITH EXTERNAL NATIONS

One of the most significant relationships is the special one which exists between Saudi Arabia and the United States. This relationship is "based on mutual interests in international finance, trade in petroleum, and the security of the Gulf region." (35:244)

Security related matters were at least as vital a component of United States-Saudi relations as trade. The basis of this component was a shared anticommunist ideology and a Saudi Arabian acknowledgement

that the United States as the world's leading anticommunist power, was its ultimate protector. The Saudis' aversion to communism resulted not only from the atheism of the Marxist-Leninist ideology but also from its perception of the Soviet Union as an aggressive military power as well. (35:247)

Saudi Arabia has also strongly favored United States technology "and in June 1974 signed a wide-ranging economic, technological and industrial co-operation agreement with the USA." (8:119) This preference also carries over to military equipment. "By 1980 Saudi Arabia had ordered almost \$35 billion in equipment and services to enhance its military capability, and this figure was growing at an estimated annual rate of US \$4 to US \$5 billion." (35:248) Recently, Saudi Arabia has tried to diversify its arms sources. In January 1985, it bought \$4.5 billion in air defense equipment from France. (11:68)

Oman's foreign policy is also more Western oriented than its Persian Gulf neighbors. Sultan Qaboos has made an effort to change his country's traditional isolationism and become more active regionally and internationally. His country's position on the Strait of Hormuz, the threat posed by Iran, and Oman's oil-dependent economy argue for the active role he has taken in the international arena. (36:357) A June 1980 agreement between Oman and the United States allows the United States use of military facilities in that nation. (36:310; 9:89) These include the air bases at As Sib and Thumrait on Masirah Island and the port facilities at Matrah and Salalah. (36:360) While this use is conditional and does not include permanent or extensive presence of US military personnel, (36:378) it is of significance since it can provide the means to project forces in contingency operations. In return for these bases, the United States agreed to provide economic and military aid. (9:89) Between 1981 and 1983, \$31.2 million in economic loans and grants and \$85.2 million in military assistance was provided by the United States to Oman. (36:360) The only other nation in the Persian Gulf which allows the United States access to port facilities is Bahrain. (9:89)

Britain also has relationships within the region because of its historical presence in the Gulf. Before its withdrawal east of Suez in 1971, Britain had afforded protectorate status to Bahrain, Kuwait, Qatar, and the UAE. In addition, it had exercised considerable influence in Iraq and Oman. More recently, "Britain concluded Treaties of Friendship with Bahrain, Qatar and the United Arab Emirates (UAE) in August 1971 and a Defense Co-operation Agreement with Oman in June 1985. It has supplied arms to Bahrain, . . . Kuwait, Oman, Qatar, Saudi Arabia, . . . and the UAE." (9:89)

Kuwait pursues the most non-aligned foreign policy of the Arab nations along the southern coast of the Gulf. They were the first country in the region to establish diplomatic relations with the Soviet Union. (21:17) Kuwait is in the process of "expanding relations with the Soviet Union and members of the Warsaw Pact." (36:77) In August 1984, Kuwait bought \$327 million of air defense equipment from the Soviet Union. (36:xviii) Oman and the UAE established diplomatic ties to the Soviet Union in 1985. (21:19) The UAE also established contacts with Eastern Europe. They have been particularly vocal in their

opposition to foreign military presence in the Gulf--especially that of the United States in Oman. (36:302-304)

While Iraq has maintained a non-aligned status, generally it has been ideologically in sympathy with the 'progressive' causes espoused by [the] Soviet Union and its East European allies . . ." (37:xiv-xv) The Soviet Union and Iraq signed a 20 year Treaty of Friendship and Cooperation in April 1972 and a further agreement in 1978. Iraq has also received massive arms shipments from the USSR. However, Iraq has recently tried to broaden its relationship with the West, especially France and Italy. (9:89) Also, Iraq reestablished diplomatic ties with the United States in November 1984, after a 17 year hiatus. (11:70-71) In the Iran-Iraq War, Iraq is backed by most of the Arab world, including Jordan and Egypt. While the Soviets provide most of their arms, they also buy weapons from France and other nations in the West. (18:A12)

The Soviet Union has occupied Iran twice in this century, once after World War I and again at the end of World War II. In 1921, Iran signed a Treaty of Friendship with the USSR. The Soviets agreed to withdraw their troops from Iran in return for Iran's promise not to let anti-Soviet groups use Iran as a base of operations for action or attacks against the USSR. (36:52) In November 1979, Iran unilaterally abrogated the two paragraphs of this treaty which give the USSR the right to intervene internally in Iran. The USSR has not accepted this exclusion by Iran. (9:89) In the Iran-Iraq War, Iran is the more isolated of the two countries. Their only allies are Syria and Libya. Iran's largest suppliers of arms are China and North Korea, but also it receives weapons from Israel and a number of countries in the West, Third World, and Eastern Europe. (18:A12)

RELATIONSHIPS WITHIN THE REGION

The most significant relationship within the Persian Gulf region is that of the Gulf Cooperation Council (GCC). The GCC was established in May 1981, shortly after the start of the Iran-Iraq War, with Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE and Oman as its members. "Advertised as an economic, social, and political association of like-minded states, the council also quickly identified itself as a military alliance. It made it clear, however, that its reason for being was completely defensive." (36:365) Therefore, the GCC is an internal effort by these six nations to enhance regional stability and insulate themselves against any aggression which could spill over from the Iran-Iraq War.

At the beginning, the GCC had no formal agreement on a comprehensive defense policy. There was no joint defense planning or command structure. This is slowly changing, however. Military exercises were held in October 1983 and October 1984 with military units of all GCC countries participating. Also, the senior military commanders and defense ministers met regularly in 1984. (36:xvi-xvii) In December 1984, the GCC announced the formation of a joint military command force called the Peninsula Shield. It will consist of 12,000 soldiers from all the GCC countries under the command of a Saudi general. (11:68) A mutual defense structure also is progressing with the development of joint air defense, transport, and procurement arrangements. (9:90) Saudi Airborne Warning and Control System

(AWACS) information is already routinely provided to Kuwait to enhance their self-defense. (11:68) In addition, joint air force maneuvers were held between Bahrain and Qatar and by Saudi Arabia and Kuwait. (11:68)

The cooperation exhibited by the GCC countries does not mean that there are no disagreements. Kuwait, in particular, has tended to have a countervailing influence to Saudi Arabia. Kuwait is the GCC's most liberal member while Saudi Arabia is probably the most conservative. "Kuwait was often critical of Saudi Arabia for its close ties to the United States and of Oman for having granted military base facilities to the United States . . ." (36:137) A specific example occurred in September 1981 when

Oman officials presented a position paper on defense to the foreign ministers of the GCC stressing the importance of counteracting the Soviet threat in the region by developing security forces and collaborating with the United States and other Western countries Oman's view of security problems was a cause of disagreement with GCC states--particularly Kuwait--that favored a non-aligned stance oriented toward Islamic and Pan-Arab concerns and the exclusion of all foreign forces from the Gulf. (36:358-359)

Beyond these disagreements, however, the GCC has taken part in several joint socioeconomic and political ventures. "The GCC decision to make Bahrain and Oman the venue for all future GCC joint industrial projects holds great promise for both states." (36:151) In addition, the GCC has assisted Iraq with massive financial and other aid. "By late 1984 the GCC members had transferred in excess of US \$35 billion to the Iraqi regime . . ." (36:xi,xvi) In particular, Kuwait has allowed Iraqi-bound trade to be unloaded in Kuwaiti ports and enter Iraq over their common border. (36:136)

Also, the GCC has been reinforced by other internal security pacts within its membership. These include bilateral agreements between Saudi Arabia and Bahrain, Qatar, Oman, and the UAE. A draft Gulf-wide security pact is being considered. It is also believed that Saudi Arabia signed an understanding of some type with Iraq in 1979. (9:90)

These then are the foreign relationships both within and outside the Persian Gulf which form the region's balance of power. There are, however, forces which are affecting this balance. These are the force functions or factors which are changing the stability of the Persian Gulf region. The next chapter will discuss two of these functions.

Chapter Three

MAJOR FORCE FUNCTIONS AFFECTING THE PERSIAN GULF REGIONAL BALANCE OF POWER

This chapter will identify and discuss two major force functions which have affected and will continue to affect the Persian Gulf regional balance of power. By definition, a force function is a factor which tends to change the equilibrium of the regional area or its stability. These force functions are the Iran-Iraq War and the Persian Gulf oil resources. In both cases, background and situational information will be presented, followed by a discussion of how these factors have changed and continue to affect the regional balance of power. Certainly, "the most imminent regional threat [to stability] is posed by the Iran-Iraq War . . .," where the trend is one of escalation of both the scope and intensity of the conflict. (31.17)

THE IRAN-IRAQ WAR

Background

In 1975, a treaty was concluded between Iran and Iraq which ended the Shah of Iran's support of Kurdish rebels in Iraq and settled their border dispute along the Shatt al Arab waterway. The international border was redefined, giving Iran control of the key waterway with Iraq's influence lessened appreciably. (34:235-236) While Saddam Hussein was able to then crush the Kurds in Iraq, he lost Iraq's only secure coastal outlet to the Persian Gulf. (28:319) Iran's access to oil terminals along the waterway improved, while Iraqi access declined.

After the fall of the Shah and the collapse of the Iranian government in 1979, Hussein saw an opportunity to regain control of the Shatt al Arab waterway in the resulting revolutionary confusion. (28:319; 35:53) This was by no means his primary or sole aim, however. The main reason for the Iran-Iraq War was Iraq's fear of revolutionary Iran causing instability and unrest in Iraq. "At least one year prior to the war Iraq sustained a number of terrorist attacks by pro-Iranian Shi'i groups, including assassination attempts against members of the government. . . . Khomeini openly called for Iraqis to overthrow the Baath regime and establish an Islamic government." (14:111) Since the Shi'i (also called Shia or Shiite) sect represents a majority of the population in Iraq and the Sunnis control the government, this represented a serious threat to the Iraqi regime. (37:vii-viii) Hussein clearly desired to eliminate the revolutionary threat of Iran's fundamentalist Shias. In eliminating the Iranian threat, Hussein no doubt thought

his leadership and prestige would increase among the other Gulf States. (12:122) A third Iraqi objective was to occupy Khuzestan, the region occupying the southwest portion of Iran. This region not only contains most of Iran's ethnic Arabs, but is also their richest oil producing area. (36:367)

While Iraq's motives remain arguable as to whether they represented territorial expansion or legitimate self-defense in the face of Iranian provocation, it is clear that Iraqi forces invaded Iran in September 1980. In this first thrust the Iraqi military took their initial objectives and stopped. Iran responded in this early stage by air and missile attacks on coastal oil terminals, petrochemical plants and a nuclear reactor in the interior, and population centers in Iraq. Iranian forces were simply too weak to repel the Iraqis at this point. The war quickly ground down to static lines reminiscent of World War I, with artillery exchanges and the use of chemical weapons by Iraq. The human wave tactics used later in the war by Iran in their successive offenses have failed to bring a dramatic breakthrough. (12:122-128) "During 1982-83, the strategic roles changed and Iraq went over to the defensive." (28:322) In June 1982, Iraq pulled its forces back to the international border. (12:125) The Iranians then commenced a series of offensives: three in the last half of 1982, one in February 1983, two in February 1984, and three more in March 1984. (28:322) All these Iranian efforts were unsuccessful in the face of Iraqi resistance. It was felt that once they fell back to their own border and defended their own soil, the Iraqi forces increased their opposition. (12:125-126)

As the stalemate in the ground war continued, with periodic episodes of heavy fighting, the war changed its complexion in 1984. (11:67) This marked the beginning of the tanker war. Iraq began by increasing its attacks on Iranian oil facilities and foreign oil tankers in Iran's ports. Iran responded by attacking oil tankers leaving the ports of other Gulf States--primarily Kuwait and Saudi Arabia, which were the largest supporters of Iraq. (36:373-374; 12:126) This is because most of Iraq's oil is exported through pipelines to the Mediterranean and Red Seas, rather than by ship through the Gulf. "The tanker war is a campaign of economic attrition and political intimidation: Iraq attacks ships serving Iranian ports largely to reduce Iran's oil exports, which go entirely by sea and help finance Iran's war effort. . . . Iran attacks ships serving ports and the Arab side of the Gulf . . . to both reduce Iraq's imports of war material and intimidate Gulf states that support Iraq's war effort." (33:2) Iraq also apparently believed that by attacking tankers and other non-military shipping, they could cause Iran to retaliate in an extreme manner, such as closing the Strait of Hormuz. The Western oil consumers would then intervene to either help Iraq or force an end to the war. This strategy has not worked, however, since the Western response has been limited and Iran has not directly threatened the Western powers or attempted to close the Strait of Hormuz. (12:126) Meanwhile, the tanker war continues. As of the middle of October 1987, 353 ships have been attacked by Iraq and Iran. Of these, 214 have been attacked by Iraq and 139 by Iran. The trend is one of increasing attacks by both parties. (19:76)

In January 1987, Iran once again mounted two offensive operations, one at the mouth of the Shatt al Arab waterway and the other further north on their central front. While some minor territorial gains were made, these too have been largely

unsuccessful. (28:323)

There have been several attempts to resolve the crisis diplomatically. In fact, once Iraq's offensive stalled in 1981 and it lost its chance to succeed in its original aims, it called for peace and a return to the status quo. (36:370-372) Later, in June 1982, Iran announced its war aim to overthrow Saddam Hussein and demanded \$150 billion in war reparations from Iraq. (12:125) Iranian intransigence in demanding these preconditions before agreeing to participate in any negotiations has precluded any possible settlement. (36:373-374) "Successive efforts since September 1980 by the United Nations, Islamic Conference, and other would-be mediators to negotiate a cessation to the Iran-Iraq War have led nowhere. The profound ideological hostility at the heart of the conflict continues to militate against the possibility of a mediated settlement." (14:128)

In summary, the Iran-Iraq War represents a stalemate. Neither side seems to have the means for a complete military victory. Iraq's armed forces are numerically superior and better equipped and organized, but accept their defensive posture. Iraq desires a negotiated peace, but cannot accept Iran's terms. Iran lacks a regular, continuous source of arms, resulting in a diversification of its weapons inventory. It has an untrained and disorganized military force. But they are not prepared to negotiate, preferring to bring down the Baathist government of Saddam Hussein and replace it with an Islamic republic similar to Iran's. Thus, there remains little hope, if any, for a negotiated end to the war either by the two parties themselves or by any third party. (12:128,129; 13:127)

Impacts on Regional Balance of Power

The Iran-Iraq War has led to significant impacts on the Persian Gulf regional balance of power. The first and most obvious impacts are on the two nations involved. Iran and Iraq began the war in 1980 with just over 200,000 men in their armed force. (36:367) These figures have swelled enormously. Iran's military includes 654,500 personnel while Iraq's is estimated at 1,000,000. (10:98,100) While the war has remained limited in nature, the casualties are shocking--over 500,000 for Iran (population 49.9 million) and just under 150,000 for Iraq (population 15.9 million). (28:323) The economic costs for the two combatants have been staggering as well. Each has lost oil revenue due to the attacks on each other's oil industries and tankers. Iraq's GDP fell 14 percent in 1985 and 22 percent in 1986. In those same years, inflation ran 25 and 28 percent respectively. In Iran, the 1985 GDP remained stable while it dropped 12 percent in 1986. Inflation increased from 4.4 percent in 1985 to 30 percent in 1986. (10:95,100) Iran currently has an unemployment rate of 15 percent (28:323) and has lost between \$100-150 billion in economic damage to its industrial and business infrastructure. (14:127) Perhaps most significantly, the war economies in each nation have consumed vast resources. In Iran, 10 percent of its GDP (which is much larger than Iraq's) went toward defense in 1985. In Iraq, an incredible 57 percent was consumed by defense expenditures for the same year. (10:217)

On the other hand, the war has helped to maintain the revolution and keep

Khomeini in power. The Iran-Iraq War "has lent credence to the regime's claim that foreign enemies are seeking to strangle the revolution; it has provided a pretext for draconian domestic security measures, as well as a ready excuse for the country's poor economic performance; and it has kept the armed forces away from Tehran while occupied at the front." (14:127)

The armed forces and military equipment of either Iran or Iraq vastly outnumbered those of the other six Gulf States even at the start of the war in 1980. The war, therefore, created a great deal of anxiety in these smaller states. Their immediate reaction, as outlined in Chapter Two, was to create the GCC. One of the war's impacts on the GCC states (Saudi Arabia, Kuwait, Bahrain, Oman, Qatar, and the UAE) has been their continued financial support of Iraq to maintain its military and social welfare needs. Also with the increased attacks by both belligerents on oil tankers and cargo ships in the Gulf, there has been a "continuing fear that escalation of the conflict might touch the interests of the GCC states directly." (11:67-68) In response, the GCC have made efforts to increase both the size and the amount of cooperation of their military forces. While GCC defense cooperation has been increasing gradually since its inception in 1980, it has accelerated since 1984. This progress is due both to the tanker war which began that year and the failure of peace efforts by both nations and organizations outside and inside the region (including the GCC itself). (11:68-69)

The GCC support of Iraq represents a fundamental shift in the regional balance of power. Before the war, the lower Gulf Arab States regarded both the secular Baath regime in Iraq and the Shia fundamental, revolutionary Iran with equal displeasure. Also, both Iran and Iraq were remembered for their territorial claims and disputes with Kuwait, Bahrain, the UAE, and Oman. Therefore, the GCC support of Iraq in the Gulf War represents a choice between the lesser of two evils. However, they fear Iran's religious extremism more than Iraq's republican, anti-monarchical ideas. (36:368, 11:69) Privately, several of the GCC members "regard the prolonged mutual weakening of two of the region's most powerful states as no bad thing . . .", (12:128) if they can keep the effects of the war at arm's length.

The war has caused other shifts in "alliances and . . . changes in the traditional pattern of Arab politics." (11:69) In addition to the GCC and most other Arab nations outside the Gulf, Iraq is supported in particular by Jordan and Egypt.

Jordan, Iraq's principle regional ally since 1979, has served as strategic depth (sheltering Iraqi aircraft early in the war), political advocate in the region and beyond, and line of communications (LOC). Enormous quantities of goods are offloaded at Aqaba, then trucked to Iraq from Jordan. Consequently, these two countries have developed even more far-reaching economic cooperation. The support of most of the Arab world is behind Iraq in varying degrees The most notable case of cooperation beyond the Gulf and Jordan is Egypt; which has supplied the Iraqi armed forces with vast amounts of equipment and some manpower for the Gulf War. (3:15)

Iran, on the other hand, while more isolated politically than Iraq, is supported by

Syria, Libya, and most surprisingly, Israel. In 1982, Syria closed its border with Iraq and shut down Iraq's oil pipeline through Syria to the Mediterranean coast. This caused a reduction of oil revenues for Iraq and an immediate economic problem. (12:125) Iran

has had cooperative ties with Syria since the time of the [Iranian] revolution. The principle foundation for the cooperation is the mutual antipathy of the two governments toward Saddam Hussein's Iraq. . . . Libya, too, has worked even more closely with the Tehran regime since the revolution. Despite differences in outlook, and Libya's warmer relations with the Soviet Union, the two countries share regional enemies and friends. (3:14-15)

Israel is believed to supply Iran with arms, thereby helping to destabilize their main enemy, Iraq. (9:90-91)

The Iran-Iraq War, by weakening and preoccupying those two nations, has also led to the emergence of Saudi Arabia as the "leader, as if by default, among both moderate Arab nations and Persian Gulf nations in the early 1980's." (39:234) Saudi Arabia is the largest, strongest, and most important member of the GCC. Since 1982, it has been the major contributor of the Gulf's annual \$10 billion in financial aid to Iraq. It has worked for a stable regional environment and tried to end the war through its own diplomatic efforts. It is also the senior partner in an emerging understanding between themselves and Jordan and Iraq. (14:93-94)

The war has also helped to improve Egypt's stature and reputation in the Arab world. Most Arab nations, including all the GCC members except Oman, broke relations with Egypt in 1979 when they made peace with Israel. Those diplomatic relations with the GCC nations were restored in late 1987. In large part, this is the result of the GCC's desire to counter the Iranian threat to them. The GCC has also suggested that they might request Egyptian military assistance. (15:40; 25:35)

The Iran-Iraq War has also increased the level of concern of both the United States and the Soviet Union in the Persian Gulf region. The attacks on shipping in the Gulf have caused an increase in military presence of both superpowers as well and served to focus policymakers' attention on the area. The war has provided the Soviet Union opportunities in the Gulf for increasing its diplomatic ties to nations in the region as well as increasing its influence over them. Kuwait, particularly hurt by Iranian attacks on its oil tankers, "led it to turn for assistance first to the United States and then, when the United States did not respond, to the Soviet Union--with the result that both countries have accepted the risk of providing Kuwaiti ships with protection under their respective flags." (14:321) Since the reflagging of Kuwaiti tankers occurred in the summer of 1987, the United States naval presence in the region has burgeoned from under 10 ships to 29 warships and 14 support ships. (26:34) The Soviets have also increased their naval presence and have at least six ships in the immediate vicinity of the Gulf. They are hampered by the lack of port visitation rights, however, while the United States Navy has such rights with most of the GCC nations. (33:10-11)

PERSIAN GULF OIL RESOURCES

Background

The world's crude oil reserves are estimated at 716,941 million barrels. The eight nations of the Persian Gulf contain 384,235 million barrels of this total, or approximately 54 percent of the world's oil supply. By contrast, the United States oil reserves are estimated to be 27,280 million barrels or just under 4 percent of the world's total; Mexico contains 54,880 million barrels or about 8 percent; all of Western Europe, which contains the North Sea fields, has 18,924 million barrels or under 3 percent; and the Soviet Union contains 60,700 million barrels or a little over 8 percent. (29:25) To put things in perspective, one Saudi Arabian oil field, the Ghawar field, contains more oil than the total of all of the United States oilfields. (6:497) Middle East oil, in addition to being abundant, is the cheapest to produce. (1:139) "Middle East production costs are less than \$1 a barrel, and the cost of finding new oil is negligible By contrast, U.S. production costs are roughly \$7 a barrel, and finding [or exploration] costs . . . are about \$10" (22:50) Clearly, these simple and straightforward figures illustrate a rather sobering reality. The reality is that the Western industrial powers, including the United States, will be increasingly and progressively reliant on the Persian Gulf nations for oil in the future.

In 1973, in response to the United States support of Israel in the October War, the Arabs instituted an oil embargo against the United States. The nations of the Persian Gulf also slashed their production of oil. In Iraq, production was cut by 7.3 percent; in Saudi Arabia it was cut by 31.5 percent. The other countries cut their production by about 25 percent. (1:131) At the same time, prices rose 350 percent--from a benchmark price of \$2.50 per barrel to over \$11.50 per barrel. This marked the beginning of the first oil crisis, which began an unprecedented transfer of the world's wealth to the Persian Gulf States and a series of oil shortages in the Western consumer nations. (6:9) Prices of oil continued to rise steadily over the next six years when a second crisis erupted in 1979 when the Shah of Iran fell, throwing the Iranian economy and oil industry into confusion. This situation worsened a year later in 1980 with the outbreak of the Iran-Iraq War. The price of oil skyrocketed to over \$35.00 per barrel.

"The impact of such substantial oil price increases--both in 1973 and 1979--on the international economy was dramatic. Among industrialized nations, the rising percentages of gross national product devoted to energy supplies contributed significantly to the high unemployment and inflation rates of the 1970's and 1980's." (5:46) The increases in oil prices led to the discovery and development of new oil fields, (3:xiii) such as the ones in Alaska, Mexico, and the North Sea. The increases also caused the United States to institute conservation measures and limited switchovers to alternative sources of energy, such as coal and nuclear power. "The combined effect of increased energy prices, consumer slowdowns, new conservation efforts, [increased market competition from new oil discoveries] and fuel switching placed sudden and effective brakes on demand." (3:xiv) This, along with the breakdown of production discipline among the oil

producing nations, caused the present world oil glut. (3:xvi) In the summer of 1986 oil was selling at \$10.00 per barrel, before going up to \$18.00 per barrel at year's end where it has more or less stabilized. (22:47)

The recent fall of prices on the world market has caused an increase in oil consumption and a fall in production in high-cost producing areas such as the United States. (3:xii) This has led in turn to

steadily rising foreign [oil] imports. Already the trends are apparent. From January 1986 to January 1987, U.S. crude production declined by 200,000 barrels a day, a huge 7.5% drop. Meanwhile, U.S. consumption increased by 400,000 barrels a day. . . . As a result, imports spurted by more than a million barrels a day. The American Petroleum Institute estimates that if the price stays at \$18 a barrel, imports will rise from 32% of total U.S. consumption last year [1986] to more than 50% in 1991. By comparison, at the time of the first Arab embargo in 1973, imports amounted to 35% of consumption; by 1979 they accounted for 46%. . . . And of all the oil that countries export, fully 40% comes from just five Middle East producers. (22:47)

Implications on Regional Balance of Power

Persian Gulf oil has had a major impact on both the international community and the way it views the region and the regional powers as well.

Oil has changed the political and economic structures and policies of the Middle East, and dramatically influenced the political alignments, both within the region and between the region and the world's great powers. The world powers, in turn, have found their oil interests and ambitions in the Middle East intruding increasingly into their relationships with each other, thus launching the area into the center stage of international relations. (1: Preface)

The importance of oil as a force function in the stability of the region can be seen in both the oil crisis of 1973 and the recent oil glut.

The oil embargo and resulting crisis of 1973 dramatically changed the foreign policies of the United States, Europe, and Japan. In the case of the United States, there was a recognition of the critical nature of the Persian Gulf region. "The oil crisis of 1973-1974 dramatically altered the lens through which U.S. leaders saw the world. . . . As a result, U.S. policymakers began to look at the Gulf in terms of *the security of the flow of oil*." (3:18) In this respect, the region began to play a significant role on the United States' foreign policy agenda. In the case of Europe and Japan, which were much more dependent on Persian Gulf oil, there was an immediate foreign policy response to ensure their oil supply. This response was both quick and effective from the Arab point of view. "The European Economic Community, Japan, and Japan hastened to reassert their good intentions towards the Arabs and disavow any association with Israel or with United States' support for the

Israelis." (1:140) In late 1973, both the EEC and Japan publicly called for Israeli withdrawal of occupied territories. (1:140-141) As mentioned earlier, the embargo and rise in oil prices created turmoil in the international economic system, including unemployment, inflation, and increased competition for the scarce resource. This shift in policy was permanent. "Oil remains the West's primary strategic concern in the Gulf. Despite conservation efforts and research on alternative energy sources, Europe, Japan, and the United States continue to depend on Gulf oil imports" (14:306)

The oil crisis of 1973 also had impacts within the Persian Gulf region. The oil embargo marked the first time the Arabs utilized oil as a means of power and influence. "The relationship of oil and power is simple. Oil is energy, energy is wealth; wealth used with political acumen is the route to power." (1 Preface) At least for a short period, "the embargo furthered the process of political unification within the Arab world and demonstrated that such political unity could challenge effectively the economic and military power of the industrialized world" (5:44)

The embargo and resulting rise in the price of oil has also made the oil producing nations in the Gulf extremely wealthy. This wealth was used to fund economic, industrial, and social welfare projects and improvements within these countries. It also enabled them to provide foreign aid to less fortunate Arab and African nations, as well as financial support to the Palestinian Liberation Organization.

The fall of oil prices in 1986 and the resulting oil glut has changed this situation by causing the worst economic recession in the Middle East in recent history. (9:91) The fall in revenues for the Gulf States has meant cutbacks in economic and industrial development projects as well as foreign aid provided to other nations. (9:92) The decline in foreign aid, in particular, has led to a decline in political leverage and in some cases, violent backlashes.

Declining oil prices have already begun to undermine the economic basis for stability throughout the Arab world and beyond. The economies of oil-poor countries such as Jordan, Lebanon, and Syria were sustained by direct subsidies from Saudi Arabia and other oil-rich Gulf States. . . . One result is that over the past two years [1985-1986] Syria and Libya as well as Islamic fundamentalist groups, have seized the political initiative from Saudi Arabia and the other oil-producing states in the Gulf. (3:99-100)

The oil glut has also contributed to the disintegration of unity that was displayed by the Arabs in 1973, as the nations with large reserves followed a production policy to maintain revenue. The nations with limited reserves generally desire cuts in production levels to maximize their revenue from limited resources. This is particularly true of Saudi Arabia and Iran. As declining oil prices have led to political tension, Iran, who desperately needs income to support its war effort, has fought for higher prices and lower production of oil, while trying to take a greater share of the market and sell

in the Arab oil community away from Saudi Arabia. (3:101) Saudi Arabia, on the other hand, with its enormous oil reserves, is able to vary its production levels without having to consider long term financial impacts on world oil prices. (35-47) It desires, along with most of the smaller Gulf States, to maintain relatively stable prices and avoid another oil crisis which would threaten the world economy. Saudi Arabia and the GCC states generally recognize the interdependence of the producer and consumer economies and refrain from irrational price increases. (3:xvi)

While the development of low cost oil is viewed as positive for oil consuming nations, it has increased the West's amount of imported oil over the more expensive domestically produced oil, thereby increasing our oil dependence on Gulf oil once again. Clearly the result is the possibility of a major United States energy crisis with a severe dependency on Persian Gulf oil. (3:xii; 22:47) This is confirmed by the Paris based International Energy Agency, which estimates that "by the year 2000, the major industrialized countries of the West could be importing 60% of their oil, with Gulf producers supplying a growing percentage of that." (27:22)

However, at current production levels the United States is in a relatively favorable position when compared to Western Europe and Japan. Presently, the United States imports only 7 percent of its oil from the Gulf States, while Western Europe imports 25 percent and Japan imports 60 percent. (27:22) Furthermore, most of these oil exports from the Gulf are carried on ships which transit the Strait of Hormuz. (36:xv) While United States dependence on Persian Gulf oil is low, protecting European and Japanese access to oil supplies is certainly in its interest. Massive interruption in Gulf oil supplies would affect the United States in the form of increased competition for the remaining scarce oil sources. (7:13) In addition, the Western economies are increasingly interdependent. Any disturbance in the economic health of one nation could adversely impact the United States. "Despite the diversification of energy supplies in terms of origin and type, European and Japanese economic welfare, and indirectly therefore the American economy, which is increasingly international, remain dependent upon petroleum supplies from the Gulf." (3:24)

Consequently, it "would be a dangerous illusion to assume . . . that . . . [the current glut on the world oil market] will continue indefinitely and that the West is no longer vulnerable to an oil shortage or the economic shock of a drastic rise in prices." (5:p2, Note 2) This is confirmed by James Schlesinger, a former Secretary of Energy and Defense, who states that "the oil glut reflects internal cartel dynamics and temporary market conditions more than longer-term geological--and *geopolitical*--reality." (3:xi)

These two force functions, the Iran-Iraq War and the Persian Gulf oil resources, clearly impact the balance of power and level of stability in the region. These two factors are certainly not the only ones affecting the Persian Gulf today. The Islamic religion, with its differing sects, the Arab-Israeli dispute, terrorism, and the encroachment of Western technology and thought certainly qualify as important considerations. Unfortunately, the constraints of time and effort

prevent their full consideration. The next chapter will consider and discuss United States foreign policy in the Persian Gulf.

Chapter Four

UNITED STATES FOREIGN POLICY IN THE PERSIAN GULF

In many ways, United States foreign policy today reflects British policy toward the region in the eighteenth and nineteenth centuries. The British valued the area at that time in order to protect its trade and communications with India and the East. "To forestall an attempt by Napoleon to establish himself in the Gulf, at the time when he was in occupation of Egypt, the British in 1798 concluded a treaty with the Ruler of Muscat [present day Oman]. From 1820, however, they concluded with other rulers in the Gulf a long series of treaties designed to maintain local security as well as to guard against unfriendly intrusion by an other power." (8:9)

The major change in the twentieth century has been the discovery of vast amounts of oil. "The Persian Gulf has been of steadily increasing importance since 1945 because of growing Western dependence on its oil reserves." (5:x) United States policy toward the Persian Gulf was limited however, because of the British presence in the Gulf. America did not need to involve itself in the security or politics of the region because of their involvement. This changed in 1968, when Britain announced they would withdraw their military forces from east of the Suez Canal, including the Persian Gulf, in 1971. (5:30,32) India had long been relinquished as a colonial possession, and Britain's position as a major world power had faded. The reality of this situation as well as the economic costs of maintaining their presence, dictated their withdrawal. It fell upon the United States to fill the void for Britain in the Persian Gulf, as it had earlier in Europe.

But the United States involvement in Vietnam dictated a limited role in the Persian Gulf. It became the policy of the United States, under the Nixon Doctrine, to avoid sending American manpower to those regions not having treaty relationships requiring such support. Instead, if a region required American aid, that help would now be in the form of equipment and military as well as economic assistance, not American manpower. (5:30,32) In the case of the Persian Gulf, the Nixon Doctrine evolved into something called the twin pillar policy. This policy "envisaged U.S. encouragement and support of Iran and Saudi Arabia in order that they might assume the mantle of policemen of the Gulf." (3:3)

The earliest formulation of Nixon's twin pillar policy was contained in National Security Study Memorandum (NSSM) 66 (1969) NSSM 66 recommended increased [arms] sales to Iran and Saudi Arabia to enable them to deter Soviet advances into the region and to maintain stability among the littoral states Despite reference to two 'pillars', Iran was clearly the favored recipient and received weaponry of a much higher quality than did Saudi Arabia. (5:35)

Therefore, the twin pillar policy satisfied American political constraints of avoiding another "Vietnam" while seemingly satisfying the policy objectives of containing the Soviets and ensuring Western access to the region's oil.

Nevertheless, the Persian Gulf region was still assigned a relatively low priority by United States policymakers. (5:40-43) This changed with the oil crisis of 1973-1974 as outlined in Chapter Three. While the twin pillar policy continued, American policymakers began to formulate a policy which called for ensuring the flow of oil to the West even if the producer states objected. More emphasis was also placed on contingencies concerning the hostile disruption of the oil flow. (3:18) American arms sales to Saudi Arabia were increased to influence their oil policy--to maintain higher production levels to provide adequate supplies at reasonable prices. But in any case, the primary American focus in the 1970s in the Middle East was in attempting to solve the Arab-Israeli dispute. (5:53-67)

There was an important problem with the twin pillar policy--it focused on global and not regional concerns. Its fundamental weakness was that it did not take into account individual differences within the region. The policy overlooked the natural rivalry between Iran and Saudi Arabia, and instead assumed their cooperation based on the American global interest of containing the Soviets. Saudi Arabia, and many of the lower Gulf States, viewed Iran's growing power and larger population with distrust. For example, in 1971, Iran seized two Gulf islands belonging to the UAE. This Iranian move was generally perceived by the other Gulf nations as a preface to Iran claiming a portion of their large oil reserves. Also, the twin pillar policy ignored Iraq, the other regional superpower. Iraq became uncomfortable with the growing arms sales provided to Iran and Saudi Arabia by the United States and turned to the Soviets for its own supply of arms. (3:3-5; 5:53-67)

The decade of 1970 was to close out with two more shocks for American foreign policy in the Persian Gulf. These were the Iranian revolution and the Soviet invasion of Afghanistan in 1979.

There is no question that the implications of the Iranian revolution and the Soviet invasion of Afghanistan warranted a thorough reassessment of U.S. strategy in the Persian Gulf. The fall of the Shah led to the loss of America's principal ally in the Gulf and was a clear repudiation of the twin pillar policy. The Soviet invasion of Afghanistan moved troops closer to the Gulf and heightened America's sense of impotence and strategic vulnerability in the region. For over three decades, the United States had maintained a very limited military capability in the Middle East. Suddenly, this capability appeared alarmingly insufficient to cope with the intensifying external and intraregional threats to American interests. (5:94-95)

American foreign policy reaction was both swift and straightforward.

President Carter, in his State of the Union Address before a joint session of Congress and televised to the nation, outlined both the importance of the region and forcefully responded with a warning to the Soviets.

The region which is now threatened by Soviet troops in Afghanistan is of great strategic importance. It contains more than two-thirds of the world's exportable oil. The Soviet effort to dominate Afghanistan has brought Soviet military forces to within 300 miles of the Indian Ocean and close to the Straits [sic] of Hormuz, a waterway through which most of the world's oil must flow. The Soviet Union is now attempting to consolidate a strategic position, therefore, that poses a grave threat to the free movement of Middle East oil Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force. (4:33)

President Carter also called for Congress to approve a five percent real increase in the FY 1981 defense budget. He called for an increased United States presence in the Indian Ocean, a search for permanent air and naval facilities in the Middle East, and the creation of a new military force which could rapidly deploy to strategically important regions. (4:29)

The Carter Doctrine, as it became known, clearly departed from previous policies in two important respects. First, it declared the Persian Gulf region to be a vital interest of the United States. "In its broadest strategic context, the Carter Doctrine marked not only a change in security policy toward the Gulf, but also a reassessment of America's regional priorities and global military commitments. Southwest Asia had joined Europe and Northwest Asia as one of America's central strategic zones." (5:97-98) Second, the doctrine meant that the United States could no longer rely solely on regional allies to prevent Soviet expansion and to maintain the stability in the Persian Gulf area to ensure the West's supply of oil. "The Carter Doctrine established a clear American commitment to use force [against external nations] in the Middle East to defend U.S. interests." (5:156) The focus of concern was the possible invasion of Iran by Soviet forces, in a manner similar to Afghanistan. With the start of the Iran-Iraq War, this doctrine has been recently expanded by President Reagan to include threats internal to the region as well as those external to the region. On 23 January 1987, in response to a recent Iranian offensive against Iraq, the President stated:

We share the concern of our friends in the Gulf region that the war could spill over and threaten their security. We would regard any such expansion of the war as a major threat to our interests as well as those of our friends in the region. We remain determined to ensure the free flow of oil through the Strait of Hormuz. We also remain strongly committed to supporting the individual and collective self-defense of our friends in the gulf [sic]. . . . (39:8)

The Carter Doctrine forms the basis of current United States foreign and military policies toward the Persian Gulf region. The National Security Strategy Report, published in January 1987 by the Reagan Administration, stated that the United States

principal interests in the Middle East include maintaining regional stability, containing and reducing Soviet influence, preserving the security of Israel and our other friends in the area, [and] retaining access to oil on reasonable terms for ourselves and our allies Those interests are threatened by the continuation of the Iran-Iraq conflict [and] the existence of deep-seated Arab-Israeli tensions Our strategy in the region aims to safeguard our interests from those threats; to hasten negotiated settlements of the Palestinian problem and the Iran-Iraq War; to bolster the security and economic well-being of Israel and moderate Arab regimes [and] to help our friends in the Gulf protect themselves and international shipping lanes (40:17)

The Department of State reiterated this statement in July 1987 when they listed United States interests as strategic, economic, and political. Strategically, the United States must ensure that the Persian Gulf does not come under the domination of a hostile power. This specifically includes the Soviet Union as well as Iran. Economically, the United States has a clear stake in an unhindered oil flow from the Gulf to the free world, now and in the future. Politically, the United States promotes the regional stability and security of the moderate Arab Gulf States. This interest is based on their wealth and oil reserves, as well as their traditional antipathy towards the Soviets and communism. (39:1-2) The Joint Chiefs of Staff in their report on military posture for FY 1988 also echo the Administration's statement. "The security of the Middle East and Southwest Asia is vital to the economic health of the Free World and, consequently, to the security of the United States. Regional stability, Free World access to oil resources, and the limitation of Soviet influence remain important US objectives" (31:16)

The credibility of the Carter Doctrine and the promotion of United States interests in the Persian Gulf "rest upon the development and implementation of a new military strategy for Southwest Asia. There were two prerequisites for the realization of this strategy: sufficient force projection capability and regional access." (5:156) In fact, much progress has been made in recent years. The Rapid Deployment Force, now called the United States Central Command (CENTCOM), was established. CENTCOM includes four Army divisions, one Marine division, one Marine regiment, ten Air Force tactical fighter wings, two Air Force squadrons of strategic bombers, three Navy carrier battle groups, one Navy surface action group, and five Navy air/antisubmarine patrol squadrons. (5:142) The mission of CENTCOM is to be capable of deploying to the Middle East on short notice to prevent a Soviet attack on the region. (5:156) The command is supported by prepositioned equipment and ammunition in Diego Garcia in the Indian Ocean, Oman, Egypt, Saudi Arabia, and on ships in the Indian Ocean. (14:313) Also, military access to the region has been secured in Oman, Kenya, Somalia, Egypt, Diego Garcia, Morocco, and Israel. (14:312; 38:2) Airlift and sealift capabilities have grown throughout the 1980's to accommodate this force's mobility requirement. (16:62) The creation of

a military force dedicated to the Middle East and the diplomatic efforts to gain bases in the region have directly supported the national objectives outlined in the Carter Doctrine.

Today, the United States maintains a policy of neutrality with regard to the Iran-Iraq War. The efforts of the United States are centered on ending the war while increasing its military presence in the region to protect its interests in the Gulf as the war continues. As such, it is a two-track policy including diplomatic and military elements. Diplomatically, the United States is trying to end the war by supporting the peace initiatives of various nations and organizations such as the United Nations. The United States has also instituted 'Operation Staunch' to prevent delivery of military supplies to Iran by any nation and thus help force Iran to the bargaining table. To preserve the stability of the region, the United States continues its security assistance and arms sales to the moderate, nonbelligerent GCC states, especially Saudi Arabia and Oman. Militarily, the United States has provided an increasing naval presence to deter Iranian attacks on Gulf shipping and prevent them from closing the Strait of Hormuz. (39:3-4; 32:iv) The reflagging of 11 Kuwaiti tankers in July 1987 is the most significant sign of an increasing United States military commitment, since the tankers are escorted and protected by United States naval warships. (33:5) By placing these tankers under the American flag, the United States signaled its commitment to maintain Kuwait's stability, a nation which has been specifically attacked and intimidated by Iran. It also shows the other nonbelligerent GCC nations that the United States is committed and determined to maintain the safe passage of oil through the Gulf. This directly ensures the economic and political stability of these nations, which are severely dependent on oil exports for revenue.

In summary, the United States has declared openly that, while the United States is neutral in the Iran-Iraq War, it has vital interests that it would protect and defend if necessary. The United States has also stated "it would respond to 'requests for assistance from nonbelligerent friends in the area' who feared the spread of hostilities . . ." (36:368-369) The next chapter will outline the major events occurring in the Gulf during 1987. These events bear directly on United States policy concerns.

Chapter Five

A CHRONOLOGY FOR 1987

This chapter provides a chronology of events for 1987 in order to summarize what has happened most recently in the region. The purpose of this chronology is to help indicate important trends in the Persian Gulf region and to predict possible future ranges of behavior. Previous years' events can be found in other sources, such as the Strategic Survey series found in the bibliography. The events outlined in this chapter reflect common knowledge and were drawn from articles in Time, U.S. News & World Report, The New York Times, and The Montgomery Advertiser.

January

- 9 Iran opened a major new ground offensive against Iraq. It attacked on two fronts, one in the south aimed at the city of Basra and the second in the north aimed at Iraq's capital, Baghdad. Iraq lost six aircraft early in the fighting and both cities were shelled by Iranian missiles and artillery. In the first three weeks of the operation, some 35,000 men were killed and the offensive eventually stalled after minor territorial gains by Iran.
- 29 Forty-four nations concluded their meeting in Kuwait for the Islamic summit conference. All of the Persian Gulf leaders, except Iran's, attended, as well as leaders from Jordan, Syria, and Egypt. King Hussein of Jordan attempted to organize a peace mission to Iran and Iraq in an effort to halt the war. This effort failed and an ineffective cease-fire resolution was adopted instead.

February

- 19 Iran placed Chinese-made Silkworm missiles on the north bank of the Strait of Hormuz and on an Iranian island close to their shore. The missiles have a range of 50 miles and carry a 1,000 pound warhead. As such, they represented an escalation in the threat to international shipping passing through the Strait.
- 23 The United States offered to provide military protection for Kuwaiti oil tankers operating in the Persian Gulf. Kuwait turned down the offer, but considered a plan to register its tankers under the United States flag as an alternative.

May

- 7 For the first time in the Iran-Iraq War, a Soviet freighter was attacked by Iranian patrol boats in the lower Persian Gulf, near Dubai. No casualties were reported.
- 9 Assistant Secretary of State Richard Murphy visited Iraq, Oman, Qatar, Bahrain, the UAE, Kuwait, and Saudi Arabia in an attempt to reassure those nations of United States policy toward the Gulf region. These nations were unnerved at the disclosures of United States arms sales to Iran, which is viewed as a threat to them.
- 17 An Iraqi Mirage F-1 fighter-bomber aircraft, in an apparently inadvertent attack, fired two Exocet missiles at the USS Stark, an American Navy frigate. Thirty-seven American sailors were killed when the missiles struck the ship. The incident caused some Congressional members and other government officials to question the wisdom of the plan to protect Kuwaiti tankers.
- 19 The Reagan Administration agreed to the Kuwaiti request to place 11 oil tankers under United States registry. The reflagged tankers were to be protected by United States naval warships as they move through the Persian Gulf. The request had been under negotiation for several months. A key factor in the United States decision was the similar reflagging of three Kuwaiti tankers under the Soviet flag.
- 21 The Senate voted 91-5 to hold up a plan for U.S. escort of Kuwaiti tankers in the Persian Gulf until officials could explain how Navy ships would protect themselves in any future attacks. The bill would only have the force of law if the House of Representatives passed the same resolution and it was signed by the President.
- 26 Secretary of Defense Casper Weinberger met with NATO ministers in Brussels, Belgium and proposed that Europe help protect their oil shipments in the Persian Gulf. The proposal to join the United States military effort was dismissed by the Europeans.

July

- 1 Twelve moored mines were found in international shipping lanes which lead to Kuwait. Four oil tankers struck mines in the past five weeks while leaving Kuwaiti ports for the Persian Gulf. Iran was suspected as the culprit.
- 20 The United Nations Security Council unanimously passed Resolution 598, which called for the end of the Iran-Iraq War. The resolution was mandatory and demanded a cease-fire, return to each country's original boundaries, and negotiations to end the war. This is the first instance where the Security Council mandated a cease-fire without the prior agreement of the parties at war.

- 22 The United States escort of reflagged Kuwaiti oil tankers began. The first two ships, the Bridgeton and the Gas Prince began sailing from the Gulf of Oman through the Strait of Hormuz to Kuwait.
- 24 In the first escort operation of the reflagged Kuwaiti oil tankers under United States protection, the Bridgeton hit a mine. The damage to the 401,000 ton tanker was minor and it was able to proceed to port. It was struck in the western portion of the Gulf, about 175 miles from Kuwait.
- 31 Rioting erupted in Mecca, Saudi Arabia when 150,000 Iranians began a demonstration to declare the Ayatollah Khomeini the spiritual leader of Islam. The city was full of pilgrims observing an annual holy month. About 400 pilgrims, including 275 Iranians, were killed when Saudi Arabian security forces reacted with tear gas and gunfire. Iran claimed the United States was the inspiration behind the incident and promised to retaliate against Saudi Arabia, Kuwait, and any other Gulf nation who supported the United States presence in the Gulf.
- August
- 4 Iran began four days of naval maneuvers in the Gulf. The exercise was code-named "Martyrdom", and involved mock attacks on target ships by small gunboats.
- 8 United States Navy F-14 aircraft launched two air-to-air missiles at a pair of Iranian F-4 fighter aircraft over the Persian Gulf. The Iranian F-4s were approaching an American reconnaissance aircraft and ignored warnings by the F-14s to break off their intercept. The missiles missed and the Iranian aircraft left the area unharmed.
- 10 A United States owned tanker, Texaco Caribbean, struck a mine in the Gulf of Oman. Several more mines were discovered in the same area, a vital staging area for ships entering the Persian Gulf. The mines were the first to be found outside the Persian Gulf. Iran was believed to be responsible, although the ship was carrying Iranian oil.
- 11 Britain and France reversed earlier decisions not to send minesweepers to the Gulf. They announced they would send a total of six ships of this type to help clear shipping channels in the region.
- 29 After a six week lull, Iraq once again began air attacks against Iranian oil tankers and terminals. Iran also stepped up its gunboat attacks against neutral shipping. At least 20 ships, including Greek, Korean, Spanish, Japanese, and Iranian, were struck in a one week period. These were the first attacks on shipping in the Gulf since the United Nations cease-fire resolution on 20 July.

United Nations Secretary-General Perez de Cuellar began a six day trip to Baghdad and Tehran in an effort to bring peace to the region. His efforts were largely unsuccessful in changing the situation.

The 600 nations declared their support for the United Nations Secretary-General's mission to end the Iran-Iraq War. They urged Iran to respond to the United Nations resolution calling for a cease-fire and called on the international community to help prevent attacks on Kuwait.

U.S. Army helicopters attacked the Iranian naval landing craft, Iran Ajr, which was laying mines under cover of darkness. The attack occurred in international waters 50 miles north of Bahrain. Three Iranian sailors were killed, with 26 captured. Inspection of the ship confirmed for the first time Iran's role in mine-laying operations in the Gulf, despite U.S. denials. The ship was later sunk and the captives sent back to Iran. The attack was privately cheered by most Arab leaders.

The United States Senate passed a bill, 98-0, to ban all imports from Iran. This was in response to the fact that United States had imported over \$700 million in Iranian oil over the summer. Embargoes such as this are usually not effective, but served to notify Iran of U.S. displeasure.

President Reagan reached agreement with Senate leaders on a \$1 billion arms sale to Saudi Arabia. The sale included 12 F-15 fighter aircraft to replace aircraft lost to attrition, electronic upgrades to aircraft in the Saudi Air Force inventory, 93 artillery ammunition carriers, and 100 M-60 tanks.

Iranian gunboats fired on a United States helicopter in the northwest portion of the Gulf. Three other United States helicopters responded with machine gun and rocket fire, sinking one gunboat and damaging two others. No Americans were injured. At least two Iranians were killed and four captured in the attack.

The oil tanker Sungari was struck by a Chinese-made Silkworm missile while anchored in Kuwaiti waters at a loading terminal. The ship is owned by an American corporation, but registered under the Liberian flag.

Another Chinese-made Silkworm missile struck the Sea Isle City, a Kuwaiti oil tanker flying the American flag. Eighteen crewmembers were injured. The ship was in Kuwaiti waters when it was attacked and was not under United States Navy protection. This was the first

direct attack on any of the 11 re-flagged, Kuwaiti tankers since July. Iran was believed to be responsible.

- 19 Six United States warships attacked Iran's Rashadat oil-loading platforms in response to Iranian Silkworm strikes against the oil tankers Sungari and Sea Isle City the week before. The facility consisted of three platforms and had been used to report on shipping movements and mount small boat attacks against non-belligerent shipping. The facility was totally destroyed by shelling and subsequent demolition by United States underwater demolition teams. There were no casualties in the 85 minute attack since the United States Navy announced the attack 20 minutes before it started.

- 22 Iran retaliated for the United States attack on its oil platforms by launching another Silkworm missile. It struck Kuwait's only deep-water oil loading platform, causing severe damage. Only five workers were injured, none seriously.

November

- 3 Kuwait, worried about retaliation from Iran, stated it had complained to the Reagan administration that it had not been informed of the October 19 reprisal of the United States on Iranian oil platforms.
- 12 Seventeen of the 21 member nations of the Arab League met in Amman, Jordan in their 15th summit. In their final statement they declared "'their indignation at the Iranian regime's intransigence, provocations and threats to the Arab gulf states' [sic] and 'denounced the bloody, criminal acts of the Iranians who rioted last summer in the holy city of Mecca.'" (25:35) This included Syria, who previously backed Iran in its war with Iraq.

December

- 26 United States naval warships escorted a southbound Kuwaiti tanker in the 22nd convoy since July. To date, tankers under United States protection have not been overtly challenged or attacked by Iran.
- 29 The GCC nations met for four days in an effort to devise a common strategy to protect themselves against escalating Iranian attack against their Gulf shipping. At least 26 ships were attacked in December by Iran and Iraq. King Fahd of Saudi Arabia stated if the Iran-Iraq War continues, the Gulf States might have to ask outside powers for assistance.

Chapter Six

AN ANALYSIS OF UNITED STATES FOREIGN POLICY IN THE PERSIAN GULF

EVALUATION OF UNITED STATES FOREIGN POLICY

The departure of the British from the Persian Gulf in 1971 and the failure of the American twin pillar policy in 1979 after the Iranian revolution has had severe effects on United States foreign policy as it has struggled to adapt to these destabilizing changes. The Persian Gulf region is complex, dynamic, and now the scene of a major regional war. A basic problem for policymakers in dealing with the region is whether the United States should adopt an activist or low key approach. Activist policies

could foster the development of a radical, anti-American opposition in those [moderate] countries or in the region as a whole, undermining rather than supporting regional stability. Depending on the surrounding circumstances, such actions could . . . result in Soviet pressures on Iraq, Iran, or even Kuwait to establish a countervailing presence in the region If, however, the United States discounts the utility of military force in addressing these problems, downplays the Soviet threat, and maintains a low profile out of sensitivity to the political vulnerability of the Gulf's fragile regimes, it may be leaving the Gulf states open to coercion and attack. Such attitudes could contribute to a perception that U.S. influence is waning and to a belief among the local states that they should reckon with the Soviet Union. In doing so, the United States could encourage regional initiatives that increase a destabilizing Soviet influence to the detriment of American interests. (14:312)

Clearly, the United States must walk a fine line between these two policy options. To go to the extreme in either direction could mean disaster. This is clearly the case in dealing with the Iran-Iraq War and especially Iran. As previously mentioned, the United States from the beginning of the war adopted a policy of neutrality. But it is also in our interest, as well as our Arab friends' in the Gulf, to end the war in a manner which does not provide victory for either side.

Although the Gulf States have supported Iraq in the war, they regard an Iraqi victory with only slightly less fear than a victory by Iran. Iraq and Iran each have the potential of dominating the Gulf if they win the war, with negative consequences for both the GCC states as well as the West. But it is Iran that has

"repeatedly declared their intention to export their Islamic revolution to other parts of the region." (14:93) The Iranian Shia fundamentalists have made several attempts to undermine the stability of the non-belligerent Gulf nations. They were implicated in the riots in Saudi Arabia's oil fields in 1979 and 1980, the attempted coup in Bahrain in 1981, the bombing of United States, French, and Kuwaiti offices in Kuwait in 1983, as well as the riots in Mecca in 1987. (36:xx-xxi) The Iranians also regularly broadcast radio programs designed to inflame Shia populations in the other Gulf States. (14:93) Iran has also regularly threatened to close the Strait of Hormuz to all shipping.

Clearly then, the impact of an Iranian victory would be the most serious of the possible outcomes. James Schlesinger has stated:

If the forces of Khomeini were to crush the regime of Saddam Hussein (and possibly establish another Shi'ite republic in Iraq), the geopolitical and oil market consequences would be severe and swift. Within the Persian Gulf, Khomeini would then have achieved a position of preponderant power. The Gulf states would be obliged to defer to Tehran--among other things in oil production policies. The OPEC cartel would be revived and reshaped under Iran's domination--and would reflect Iran's high price policies and hostility toward the industrial world. (3:xi)

Also, if Iran wins the war and dominates Iraq, they could form a three-way coalition with Syria in what would be the most powerful force in the Middle East. (3:8) Also, chances for an Arab-Israeli settlement would decrease dramatically.

Why, then, does the United States not become more actively involved? Besides the obvious discomfort an open alignment between Iraq and the United States would cause the GCC nations, there are at least two other reasons. First, and most significant, open United States support of Iraq could drive Iran into the Soviet Union's arms. This would accomplish exactly what the Carter Doctrine sought to prevent. As it is now, at least, Iran sees the Soviets in as much disfavor as it views the United States. Second, according to Richard Perle, a former assistant secretary of defense, a United States alignment with Iraq "will complicate the already immensely difficult task of composing a constructive relationship between the United States and the future Iranian leadership." (24:27) According to Perle, America's long term interest is in preventing the Soviets from gaining influence or hegemony over Iran--something that would be easier if the United States eventually reestablishes relations with Iran.

The United States policy goal of ending the Iran-Iraq War has not succeeded. But on the other hand, it has not totally failed either since each side has been denied victory. The United States has made efforts to prevent the worldwide supply of arms to Iran, which is viewed as the aggressor, since it refuses to abide by the UN cease-fire resolution, unlike Iraq who supports it. The United States has also publicly supported the United Nations' as well as regional organizations' efforts to mediate an end to the war.

A failure of United States policy in the region certainly occurred with the United States arms sales to Iran in 1985 and 1986. The \$18 million of arms, mostly air defense equipment, that went to Iran probably did not affect the military balance in the war significantly. Its disclosure to the world, however, did severely damage American credibility. The most serious effect was to confuse Saudi Arabia and the other moderate GCC nations about United States support in the region. It also undermined the United States policy of neutrality in the war as well as its efforts to pressure other countries not to sell arms to Iran. (13:9-10,21,127-128)

On the other hand, the reflagging of the 11 Kuwaiti tankers has been successful in a number of policy areas. First, the policy has ensured the supply of oil to the West. While Khomeini has threatened to close the Strait of Hormuz to all shipping and strangle the Western economies, he has not. This is primarily because of the threat of United States military action to keep it open. (36:378) Second, it has also improved the credibility of the United States commitment to the GCC nations. This was extremely important after the questionable arms sales to Iran. Third, the reflagging also prevented the Soviets from gaining the sole claim of protector of Kuwaiti interests. While their reflagging of three Kuwaiti tankers has given the Soviets increased access to the Persian Gulf region, their influence was minimized by the American action. The last reason the policy can be considered successful is that it has brought a significant amount of cooperation from the allies in Europe and Japan as well as from within the region.

In this regard, United States naval forces in the Persian Gulf have been joined by forces from the United Kingdom, France, Italy, the Netherlands, and Belgium. West Germany is forbidden to use its forces outside of the NATO area, but agreed to fill gaps in Europe created by the allied deployment to the Persian Gulf. The allied minesweepers have been particularly helpful in reducing the threat to international shipping. While none of the forces formally operate together, there appears to be close cooperation. Japan is also prohibited by its constitution from deploying forces to the Gulf. However, they have agreed to help financially. This includes providing a more precise navigation system to ships in the Gulf to avoid danger areas, increasing its contribution to the cost of the United States military personnel stationed in Japan, increasing its economic aid to Oman and Jordan, and contributing to any future United Nations peacekeeping effort in the region. (33:8-10)

This limited cooperation with the United States represents a positive change from the past.

Generally speaking, the Europeans as well as the Japanese have failed to respond decisively or uniformly with regard to the Middle East. When threatened with the possibility of an oil shortage, they tried to strike separate deals with oil producers. These moves were made both in the aftermath of the Arab oil embargo of 1973 and during the 1979-1980 oil crisis caused by the Iranian revolution. The same pattern of separate but indecisive response was displayed on the occasion of the Soviet invasion of Afghanistan. (14:9)

Their lack of cooperation with the United States can be explained by their different views on the Soviet Union, the use of military force, and the Israeli-Palestinian issue. Also, they simply are not on the same level as the United States economically or politically in the global arena. (5:228)

The cooperation from the friendly Gulf nations has been limited for some of the same reasons as well. And the cooperation they do provide the United States must be masked to a great extent. While most of the Gulf nations agree with the United States on the threat posed by communism and the Soviet Union, they diverge emphatically on the issues of Israel and the Palestinian question. The Gulf States, and Saudi Arabia in particular, cannot openly embrace the United States because of the adverse impacts it would cause. The first adverse impact is that it would legitimize the Iranian charges of being corrupt, American puppets. (23:27) It also could cause instability within these countries, since the legitimacy of their leaders rests on Islam and their support of the Palestinian cause. Consequently, Gulf leaders are vulnerable if they are identified too closely with the United States. This issue also allows the Soviets more access to the region "under the pretext of helping the Arabs against Israel." (14:8) Meanwhile, the American support of Israel has prevented access to most of the Gulf military facilities. (3:19)

But the policy of American escort of Kuwaiti tankers has improved most of the Gulf nations' cooperation among themselves and with the United States. The Saudi Arabians have agreed to complement the United States AWACS radar coverage by patrolling the southern half of the Gulf. The UAE has agreed to allow Saudi AWACS aircraft to overfly their territory in support of the escort operation. Both the American and Saudi AWACS are protected by Saudi F-15 fighters. Saudi minesweepers are now operating in Kuwaiti waters. Kuwait is also providing fuel to United States escort ships. (33:10) In addition, there may be other unreported, informal agreements. (3:xvii) Assistant Secretary of State Richard W. Murphy stated in a recent interview that the specific support the Gulf nations were giving the escort mission was satisfactory and growing. He confirmed that the cooperation of the Gulf nations is sensitive and not discussed openly in Washington. (30:46)

The United States policy contained in the Carter Doctrine has been successful as well. This success is measured in the fact that the Soviets have not invaded or gained influence over Iran. While this may not be the total responsibility of the United States, there is no question that the declaration of the Persian Gulf as a vital American interest and the subsequent buildup of the RDF and then CENTCOM forces contributed to Soviet caution. After all, the revolutionary confusion in Iran in 1980 could have been used by the Soviets as a pretext to intervene militarily and bring about "order" in a neighboring state. Afghanistan was certainly a relevant precedent. (3:37-38) This remains a future possibility if any unrest or civil war begins in Iran after the passing of Khomeini, which could be soon, given his advanced age. (14:311)

Soviet expansion into Iran would not only gain their long sought-after warm-water port; it would also give them greater influence over the world's largest reserves of oil.

Denial of Iran to the West as a minimum, influence over Iran as preferable and control as yet more desirable are not Moscow's only attitudes toward the Gulf. Soviet leaders, recognizing the importance of Gulf resources to the West, aspire to a greater position of influence in the Gulf and, ultimately, to raise doubts about the security of the flow of petroleum from the Gulf to the West. Interruption of that flow of vital resources is not a policy, but a contingency [to be exercised at a critical time and circumstance]. (3:20)

By denying, controlling, or influencing Gulf oil production, the Soviets could, in effect, separate Western Europe from the United States and neutralize NATO as an effective alliance. (7:2; 3:xv; 14:307) This is because NATO's military forces depend on Gulf oil to maintain their strength and power. (3:xvii)

The biggest fault in the United States policy in the Persian Gulf has been the focus on the Soviet threat to the exclusion of regional issues which could affect the area's stability. This was the case in the twin pillar policy and its exclusion of Iraq as a consideration and the eventual fall of the Shah with the power vacuum it left. The United States has typically sought to establish a strategic consensus in the Middle East in the context of the East-West conflict, ignoring regional differences. (14:6-7) This, in part at least, explains the United States unwaivering support of Israel while neglecting Arab sensitivities concerning the Palestinian issue.

OUTLOOK FOR STABILITY

The stability in the Persian Gulf region would improve if the Iran-Iraq War ends. However, with the war in its eighth year, any predictions for a termination of the conflict are hazardous since its length has surprised most observers. The war has demonstrated each country's capacity for enduring hardship and pain at the hands of the other. Meanwhile, the danger of escalation remains high, especially if Iran believes itself on the verge of losing. An end to the war most probably depends "on internal political developments in Iran and Iraq. The likely prognosis is a continuing war of attrition until a decisive shift takes place in the domestic power structure of either (or both) state(s)." (14:128) In the case of Khomeini dying or being removed from his preeminent position, Iran might "reduce its revolutionary zeal, or at least its commitment to pursue fundamental change through subversion, terrorism, and war." (3:7)

There is a continuing threat to the Gulf regimes from forces internal to the region as well. This internal threat involves complex issues and problems involving political, economic, social, and religious factors. These include the rapid modernization in the region, traditional Islamic religion versus fundamentalism, Shia versus Sunni sects of Islam, the rise of new middle and upper classes created by oil wealth, the continued existence of poverty, the monarchical style of government, and the severe shortage of skilled labor. All these factors make the lower Gulf States more vulnerable to coups, terrorism, revolutions, and insurgencies. In addition, these types of problems are not

responsive to military solutions; on the contrary, military responses are often counterproductive. (14:311; 3:110)

RECOMMENDATIONS

The United States should continue following its policy outlined in the Carter Doctrine. The objectives of curtailing Soviet influence in the region, ensuring access to oil, and maintaining regional stability should be followed.

Efforts should also continue to end the Iran-Iraq War, taking care that neither side establishes hegemony over the Gulf in any resulting victory or negotiated settlement. While United States relations with Iraq should be improved, the current policy of neutrality should be maintained. Efforts should be made to remain receptive to moderate elements in Iran. This does not exclude selective reprisals against specific Iranian provocations. The United States should also continue its escort operations of Kuwaiti tankers, working for greater allied cooperation. This cooperation must not preclude swift retaliation against Iranian hostile acts, however. Expansion of this protection to neutral shipping in international waters should be considered as well, since this would help prevent further Soviet encroachment in the Gulf.

There are several initiatives or changes in emphasis to American foreign policy which would improve the United States position in the region. The first is to support the GCC nations in building a viable defensive system with the United States military providing an ultimate guarantee of protection against aggression. (3:xx-xxi) The United States would provide a military presence only in emergencies at the GCC's request. The structure should also emphasize the coordination and full integration of the GCC's military forces with Saudi Arabia providing its overall leadership. (3:152-153) Saudi Arabia fits naturally into this role since it has been most active in seeking solutions to regional problems and conflicts. It emphasizes cooperation and moderation in its foreign relations and is the GCC's preeminent economic power. (3:9-10) Saudi Arabia is also the most important friend of the United States in the Gulf because of its vast oil reserves, large production capacity, and ability to bypass the Persian Gulf oil route, instead shipping its oil over pipeline to the Red Sea. (3:xv) American arms sales to the GCC nations should be provided on a well thought out and continuing basis to support this integrated effort. This will require greater Congressional support to allow the legitimate arms needs of the GCC to be met.

The second initiative which should be pursued is to improve relations with the GCC nations by renewing United States efforts in finding an equitable settlement of the Palestinian question. This could involve a reassessment of Israeli-United States relations, but should not lessen the security guarantee that the United States provides Israel. In this respect,

... it is abundantly clear that the American position of total support of Israel, whatever the merits and reasons in terms of U.S. interests and perceptions, has seriously impeded closer security cooperation with the United States More important, if the conflict continues to grow in the Gulf and the Arab-Israeli problem endures, the resulting schism

between the Gulf governments and the United States in security cooperation will be as predictable as it will be contrary to the interests of both. (3:46)

Finally, the United States must adopt a more forward looking policy toward the Gulf nations based on preventing problems rather than reacting to crisis events. (14:311) To do this, the United States must adopt a more balanced regional approach instead of focusing primarily on the global aspects of the Soviet threat.

CONCLUSION

United States foreign policy in the Persian Gulf has typically been focused on global, rather than regional, concerns. It has been preoccupied with the Soviet threat to the region, rather than threats to stability from inside the Persian Gulf. In addition, the policies have usually been reactive in nature, in response to some cataclysmic event. The United States policymakers should take a long hard look at the region and accept its complexities. They should try to anticipate changes and form relationships based on reality and the unique needs of each nation, realizing that neither the United States nor the Persian Gulf nations can agree on every issue.

The Persian Gulf is a critical region of the world and represents vital interests for the United States. Western access to Gulf oil must be assured if the continued economic stability of the world is to be maintained. The area's stability is currently threatened by the Iran-Iraq War and the Soviet presence in Afghanistan.

AREAS FOR FURTHER STUDY

While only the force functions of the Iran-Iraq War and the Persian Gulf oil resources were discussed in this paper, there are other functions which should be investigated in other, future research efforts. The following areas are recommended: Islam, with its Sunni and Shia sects and corresponding moderate and fundamentalist outlooks; the Arab-Israeli dispute and the Palestinian question; terrorism and its sponsorship by Iran; and the encroachment of Western technology and thought in the region. These areas also significantly affect the region's balance of power and stability, but could not be addressed due to the unfortunate limits of time.

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APPENDIX

Briefing Insert on Persian Gulf Oil Resources

The following information is provided as suggested briefing material for the National Security Affairs Briefing Team. See the original text in the body of the paper for the citations and annotated bibliography.

The nations surrounding the Persian Gulf contain 54 percent of the world's estimated crude oil reserves. By comparison, the United States oil reserves make up under four percent of the world's total; the Soviet Union and Mexico about eight percent each; and Western Europe, which contains the North Sea fields, has under three percent. Persian Gulf oil, in addition to being abundant, is the cheapest to produce. It costs about 1 dollar to produce a barrel of Persian Gulf oil, while in the United States, it costs about 17 dollars. The Western industrialized nations of the world remain dependent on oil to maintain healthy economies. In 1987, the United States imported only seven percent of its oil from the Persian Gulf. But Western Europe imported 25 percent and Japan 60 percent. In the future, an ever increasing amount of oil the United States consumes will be imported from the Persian Gulf. Fortune magazine estimates that by 1991, the United States will import over 50 percent of the total oil it consumes, with about 40 percent of that amount coming from just five Middle East producers.

The oil embargo and resulting crisis of 1973 dramatically focused United States foreign policy on the Persian Gulf region. The embargo and resulting rise in oil prices created turmoil in the international economic system, including unemployment, inflation, and increased competition for a suddenly scarce resource. The United States began to see oil as its most vital strategic concern in the Gulf. Therefore, a major foreign policy objective then and now is to ensure the free flow of oil from the region to the West.

Another United States foreign policy objective in the Persian Gulf is to prevent the Soviet Union from gaining direct control or increasing its influence over the area. This possibility seemed very real in 1979 with the Soviet invasion of Afghanistan. President Carter, in what is now called the Carter Doctrine, stated in Jan 1980: "An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force." It is imperative to remember that, eight years later, the Soviets still occupy Afghanistan. Also, the Soviets have increased their presence in the Persian Gulf. They have recently established diplomatic relations with Kuwait, the United Arab Emirates, and Oman and are trying to forge economic and trade agreements in the region.

The Soviets recognize the importance of the Persian Gulf oil resources to the

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West. They desire greater influence in the Gulf and if possible, to raise doubts about the security of the oil flow from the area to the West.

By denying, controlling, or influencing Gulf oil production, the Soviets could, in effect, separate Western Europe from the United States and neutralize NATO as an effective alliance. This is because Western Europe and NATO are dependent on the region's oil supply. The United States cannot provide an alternative source for this oil. Its only option is to protect this critical resource for itself and its allies.

The recent reflagging and escort operations of the 11 Kuwaiti oil tankers directly support both these United States foreign policy objectives in the region. The protection of the tankers against Iranian aggression helps to ensure the flow of oil from the region. By providing the protection, the United States minimizes the Soviets presence in the region as well. The operation has been successful in that it demonstrates the United States commitment to its friends in the region and its resolve in backing up its policies with force. As of December 1987, not one of the tankers under United States protection had been openly attacked. Also, the Ayatollah Khomeini's threat to close the Strait of Hormuz to international shipping had not been acted upon.

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